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# ***JPRS Report***

## **East Europe**

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# East Europe

JPRS-EER-91-019

## CONTENTS

12 February 1991

### POLITICAL

#### BULGARIA

BSP Official Discusses Organizational Problems [DUMA 28 Dec] .....	1
Liberal, Conservative Tendencies Analyzed [KULTURA 7 Dec] .....	2

#### CZECHOSLOVAKIA

Minister Dlouhy on Current Events, Issues [RESPEKT 6 Jan] .....	8
Vladimir Meciar's Wife on His Private Life [NOVE SLOVO 10 Jan] .....	10
Key Ideas Involved in Civic Forum's Reform [LIDOVE NOVINY 9 Jan] .....	12
Sudeten Germans Visit Former Home, Meet Czechs [Frankfurt/Main FRANKFURTER ALLGEMEINE 28 Dec] .....	13

#### HUNGARY

New Interior, Finance Ministers Interviewed .....	15
Boross on Interior Ministry Functions [NEPSZABADSAG 15 Dec] .....	15
Kupa, Boross Characterized, Discussed [MAGYAR NEMZET 20 Dec] .....	15
Kupa Background Described, Discussed [TALLOZO 21 Dec] .....	16
Anti-Semitism Charged; Accusations Refuted [HITEL 9 Jan] .....	17

#### POLAND

Parliamentary Elections: Proportional or Majority [GAZETA WYBORCZA 19 Dec] .....	18
OKP Chairman on Parliamentary Elections [ZYCIE WARSZAWY 2 Jan] .....	20
Various Right-Wing Positions Examined [WPROST 2 Dec] .....	21

#### ROMANIA

Political Potential of 'Civic Alliance' Assessed [BARICADA 12 Dec] .....	23
Civic Alliance Group Publishes Charter [ROMANIA LIBERA 20 Dec] .....	24
Dragan's 'Collaborationist' Activities [""22"" 11 Jan] .....	27

### ECONOMIC

#### CZECHOSLOVAKIA

Attitudes Toward Reforms Explored, Tabulated [LIDOVE NOVINY 18 Jan] .....	29
Tatra Mountains Joint Venture Creates Controversy [Vienna DIE PRESSE 7 Jan] .....	31

#### HUNGARY

New Energy Prospects' Overview Published [HETI VILAGGAZDASAG 10 Nov] .....	32
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#### POLAND

UK Telecommunications Firm To Open in Gdansk [RZECZPOSPOLITA 10 Dec] .....	34
Talks Opened With Turkish Construction Firms [RZECZPOSPOLITA 10 Dec] .....	35
Foreign Credits for Steel Plants Viewed [RZECZPOSPOLITA 7 Dec] .....	35
Foreign Investment Needed for Road Construction [RZECZPOSPOLITA 8-9 Dec] .....	36
Economists Favor Rapid Privatization Formula [KONFRONTACJE Dec] .....	37
Early Retirement Leads to Coal Miner Shortage [RZECZPOSPOLITA 8-9 Dec] .....	40

Reform of Agrarian Planning Discussed [ZYCIE GOSPODARCZE 9 Dec] .....	40
Forum of Democratic Right on Agriculture [RZECZPOSPOLITA 14 Dec] .....	42
Group To Be Founded To Enforce Tax Payment [RZECZPOSPOLITA 17 Dec] .....	44

## BULGARIA

### BSP Official Discusses Organizational Problems

91BA0197A Sofia DUMA in Bulgarian 28 Dec 90 p 3

[Interview with Blagoy Dechev, member of the BSP [Bulgarian Socialist Party] Secretariat and Supreme Council presidency, by Darina Radeva; place and date not given: "Let the People See That We Are Not Some Kind of Centaur"]

[Text] [Radeva] What is happening with the BSP [Bulgarian Socialist Party]? The rumor is that many of the organizations exist only on paper....

[Dechev] The party is in a state of crisis. After the electoral victory, the confidence of the people in the party dropped, many of them became confused, and stagnation penetrated the structure. The reasons for this paradox are different, and many of them may be traced to the difficult legacy of the past. The BSP was not ready to live in a pluralistic society. Its way of life was suitable to being the only leading party. It was unfamiliar with other forms of work or, to put it more accurately, they had been forgotten. It was difficult for the party to find the forms in which it could exist.

[Radeva] Could it be that it has yet not found such forms?

[Dechev] Yes, it is still having difficulty finding them. In the past, the party activities were concentrated in enterprises and establishments, and whatever political reasons we may have been inventing, they actually rotated around production problems. Today this customary object of activities has disappeared. Circumstances forced the BSP to convert itself to a movement, to rearm itself ideologically and politically, to restructure itself. This is not accomplished quickly.

However, the claim made by some people that the BSP is breaking down is untrue, although there are political forces that would like this to happen. Naturally, the view of the organizational condition of our party is not uniform. There are indeed organizations that exist on paper only, but I think we are already coming out of the stagnation.

[Radeva] Your reasons??

[Dechev] The district organizations that dealt essentially with educational activities have begun to turn into centers for serious political work. Many clubs are turning into organizations. This applies even to those that had already been disbanded. They are being revived and are being sought by the people. Actually, the interest clubs had not exhausted their possibilities, yet we almost abandoned them. Consider the clubs of the intellectuals in Sofia, or those of the streetcar personnel.... Do not let me start listing them.

The accountability and election campaign energized the primary and municipal organizations. There was a cadre

renovation. The different generations of socialists consolidated their positions on the basis of the platform and the bylaws.

[Radeva] This, too, is not a completed process, is that right?

[Dechev] There is consolidation, although the contradiction between young and old has not been surmounted. Both sides are to be blamed for this. The young usually refuse to join the territorial organizations because they do not like their atmosphere. If they do not join them, who will change the atmosphere? Meanwhile, it is difficult for the adults to abandon their stereotypes.

[Radeva] Whether we like it or not, the stereotypes are crumbling. It is difficult for the party organizations to function without the customary reliance on instructions. How can we help them?

[Dechev] It is very important at this time to look for the type of political action consistent with the situation. In this sense, we must once and for all stop waiting for instructions. In some cases, one must act on a coordinated basis, within the framework of the entire country. However, there are also problems that are specific to a given area. They can be resolved through specific political actions. It is precisely this kind of political responsibility and the habit and ability to make independent decisions on the municipal level and by the primary organizations that we lack.

How can we help? Not by engaging in petty supervision, naturally. The municipal councils and the executive bureaus of the primary organizations must adopt the most suitable party structure that would be consistent with the electoral sections. The number of members should be such as to make normal human contacts possible.

Or let us consider cadres. No more than 30-35 percent of the old secretaries retained their positions in the course of the current accountability and elections campaign. There are generational changes. People with radical thinking and a desire to work but who have no experience are coming in.

[Radeva] Is this a plus or a minus?

[Dechev] They are not burdened by the past. However, organizational work requires knowledge, skill, and habits. We must not relieve from responsibility in the training of such cadres the higher or the municipal councils of the BSP. We need a new content, new publications, and new forms of training. In this area, as well, we are being sluggish. A Higher Party Council Commission will be set up. Experts and consultants will work on strategic and tactical problems of BSP organizational and cadre work and will provide specific assistance to the party as a whole as well as to the municipal and the primary organizations....

The party press, as well, could assist in acquiring experience and enhancing organizational standards. I realize



that the daily newspaper of the BSP is seeking a broader audience, but—and this is my personal opinion—the topic of organization could be presented better, the more so because, for the time being, we have no specialized publication on such matters.

[Radeva] The crisis in the party is the result of disrupted organizational connections. What is being done to restore them, both horizontally and vertically?

[Dechev] In our aspiration to put distance between us and democratic centralism, after the 14th Congress we plunged to another extreme: We broke the connections between the center and the local leaderships and between the municipal councils and the basic organizations. Today the ties are more regular. Every month the chairmen of the municipal BSP councils hold conferences on current affairs. A political organizer has been appointed for each rayon (on the basis of the former okrugs). The change is not merely a name change because the organizers do not have the functions of the previous inspectors of the Central Committee Organizational Department. They do not inspect or strictly transmit the assignments of the Supreme Council to the municipality or provide feedback. They are also engaged in mass political and propaganda activities. Some of them live in the rayons to which they have been assigned.

Regional coordination councils are being developed democratically and on a voluntary basis. These councils will discuss, direct, and coordinate party activities in the district; exchange experience; and suggest to the Higher Party Council ideas and steps leading to the renovation of the Socialist Party. They will establish connections with the leaderships of the other political parties. The creation of such councils is almost complete: We already have some 20 out of the 28 we need.

[Radeva] How are the Supreme Council and its presidency connected with the party organizations?

[Dechev] The ideal way would be to visit the basic party organizations. This, too, is no longer the exception but is nonetheless difficult to accomplish. Some members of the Higher Party Council are, to this day, unfamiliar to the Socialists. We are losing a great deal of time in meetings. Democracy is a good thing, but it must be combined with practicality.

Live connections are also a matter of human qualities, of the ability and the need to communicate. Cadres with such qualities are needed by us not only in the higher party agencies but also on all levels.

[Radeva] Is it easy to find cadres? The prestige of the "apparatchiks" is very low. In the past there were those who contributed a great deal to this....

[Dechev] Such persons should no longer be apparatchiks but party organizers. They must act like apostles (unless this sounds highfalutin).

[Radeva] They may be apostles but they have families. They cannot fail to be concerned about social stability.

[Dechev] It is truly ideas that are becoming the guiding motivation of the party workers. This is no mere statement. However, the problems you mentioned are also important. I believe that we can resolve them. We must resolve them through legal means with all the other parties. Each party will be seeking capable cadres.

[Radeva] Actually, all BSP activities should be concerned with the people.

[Dechev] Yes, this is what is most important now, aiming the party work at the people. We must open organizations and clubs. The greatest mistake was that, after 10 November 1989, the BSP dealt with its own internal problems. Some improvements took place before the elections, but they were of short duration. Yet the BSP will be unable to exist unless it can resolve its internal problems in the context of the problems affecting the individuals.

Let us consider clubs based on professional interests. Could such a club not be able to deal with some of the professional problems of the collective? This is not a question of propaganda but of purely human problems. Why should the Socialists not initiate the resolution of such problems? They could work on such matters with the trade union organization.

The possibilities of promoting initiatives by a party organization are tremendous, ranging from the purely political to concern for children, mothers, the elderly, the poor, the hungry...and all the way to discotheques and entertainment programs. Let the people see that we are not some kind of Centaur as some try to depict us. We must finally realize that party work is not done for its own sake but for the sake of the people.

[Radeva] In that sense the slogan "We Are Many!" does not necessarily refer to membership.

[Dechev] Although reenlistment is developing at a slower pace than expected, we have all the proper reasons to project that we shall continue to be a mass party. However, the slogan "There Are Many of Us!" does not apply exclusively to us, the party members, but also to those who think like us and sympathize with us. A truly democratic party, such as we would like to be, is strong not only in terms of membership but also in terms of all the people who believe in it.

### **Liberal, Conservative Tendencies Analyzed**

91BA0194A Sofia KULTURA in Bulgarian 7 Dec 90  
p 4

[Study by the Center for the Study of Democracy: "Voters and Deputies: Attempt at Drawing Their Portraits"]

[Text]

### **Values and Political Choice**

In July 1990 the Center for the Study of Democracy conducted a postelection sociological study of political

orientations among Bulgarian voters. The direct survey method, with a random selection of individuals (some 3,000 persons), was applied. Along with the study, a test was given, the purpose of which was to determine some of the more essential value orientations of those surveyed. The test was an extension of the survey card filled out by the same individuals and was equally representative. Unlike the numerous public opinion surveys that provide an instant picture of political preferences and processes in a specific situation, the purpose of the test was to outline more general and longer lasting views of Bulgarian voters concerning certain values. It makes possible a broader interpretation of results and the description of the sociopsychological field on which the current political processes are being played out in our country. This test was also administered to deputies in the Grand National Assembly in order to compare the value concepts of the electorate with those of the elect. The first processing of the test was based on pairs of statements and for the entire group in general. The analysis of the individual pairs allows us to highlight the orientation of the various social communities (demographic and political) concerning the basic values, as stipulated in the test. The interpretation of the tests as a whole allows the voters and deputies to fall into three basic groups, conventionally qualified by us as "conservative," "liberal," and "moderate."

The test was drafted and analyzed by a group from the Center for the Study of Democracy, consisting of Antony Todorov, Avram Agov, Valeriy Goranov, Milena Mateva, and Svetlozar Kirilov. The test submitted to the readers of KULTURA is part of the "Bulgarian Political Life" study and research program. The test contains nine pairs of opposite claims:

1. Different ethnic affiliation hinders (does not hinder) true friendship.
2. Telecasting French and American programs is a means of making us dependent on foreigners (broadens our knowledge of the world).
3. It is inadmissible (it is normal) for our journalists to expose individual weaknesses and shortcomings of political leaders.
4. Including striptease in entertainment programs is immoral (it is normal).
5. Money corrupts people (money is the best incentive for the time being).
6. Cohabitation of a man and a woman who are not married to each other is entirely natural (it is unseemly).
7. In my work, I prefer to set my own tasks and labor conditions (I prefer to be given labor conditions and assignments).

8. The person's homeland is where he feels best (settling in a foreign country harms the reputation and national interests of Bulgaria).

9. Always and everywhere, private ownership leads to exploitation (it is a prerequisite for the free expression of the personality).

One of the claims was intended to indicate a conservative frame of mind (inclined toward the old and the traditional), the other, a liberal (new and modern) view. The respondents were asked to note the degree of their preferences for either claim in each pair. The results of the primary processing enable us to interpret the frame of mind in at least two aspects: old-new and modern-traditional. The perceived level of the old-new indicates the overall desire to surmount the "inherited reality" (the old) and the acceptance of a change leading to a new condition of the society, frequently identified with the West or at least with the general knowledge of the West (the new). On a deeper value level (modern-traditional) we assume that the answers reveal a preference for openness, respect for the independence and personal freedom of the individual, and acceptance of new values and the world, or the opposite—a closed and traditional society.

Under the influence of several factors, the respondents are likely to compare the statements made in the test with the present way of life and with the immediate past. It is admissible to consider that it is precisely this viewpoint that determined to the greatest extent the choice of an answer. That is why, as the first approximation to the value range of the nation, we shall consider essentially the old-new aspect. One half of each pair of answers may be identified with the familiar theses of the recent official ideology about which, for many long years, there was a relative consensus, which made the regime appear more or less stable. This consensus could be defined as authoritarian: the theses (values, ideas) of the official ideology were accepted as legitimate because of their official nature and not because of their internal acceptability. The opposite claims, in turn, bear a certain ideological meaning and represent the rejection of the old and an orientation toward the new.

The nine pairs of answers offered in the test are directed essentially at four "value fields," which have been present in the mass awareness of the Bulgarian nation for at least the past 100 years. At the same time, they have been and remain essential topics of political debates and important symbols in the political struggle. Without claiming to be comprehensive, the test aimed mainly at values related to the idea of nation, social authorities, morality, and ownership. The test results will later be studied in connection with the survey that asked questions aimed at basic values, such as freedom and justice.

#### The National Idea

The idea of nation has been a sensitive point of mass awareness and political struggles in Bulgaria ever since the liberation. Today the problem of national integrity

and national self-expression has become aggravated as a result of national and ethnic problems unresolved by history, and as a consequence of the polarization of political forces that use national concepts in pursuit of specific political objectives.

Nonetheless, on the level of individual awareness, the "national problem" does not appear all that dramatic. What is remarkable is that individual members of the electorate and parliamentary groups are both displaying an envious tolerance: Throughout we find the view that "a different ethnic affiliation cannot be an obstacle to true friendship." This result is not strange in the least: Traditions of ethnic tolerance and solidarity have existed in Bulgaria (let us recall the mass sympathy felt toward the Armenian refugees by the turn of the century, the defense of the Bulgarian Jews during the war, and the absence of sharp ethnic conflicts for many years in Bulgaria's most recent history). It is obvious that contradictions do not originate on the interpersonal level. Thus, for example, 85 percent of DPS [Movement for Rights and Freedoms] voters believe that people belonging to different ethnic communities could be true friends. Group conflict between Bulgarians and Turks is largely the consequence of the policy of the "revival process" and the effort to achieve "faster" and coerced national integration, a process that has been developing for decades.

Because artificially fanned interethnic conflicts dominate interpersonal relations, the psychological potential for national integration turned out to be largely obstructed. That is perhaps the reason for which the attitude toward the homeland assumes the nature of a most sensitive element in the value profile of the political communities. Both SDS [Union of Democratic Forces] and BSP [Bulgarian Socialist Party] deputies claim that their voters show greater patriotism by stating that "leaving the country damages its reputation." This concept may be interpreted in two ways: either as disagreement with the right to a free choice of residence, or fear of mass departure from a "country in which one can no longer live." The very choice of either interpretation, however, is an indicator of a different frame of mind—based on the interests of the collective (anti-individualism) or of the state (statism). As a whole, this assertion is very popular among all represented groups. An exception is found in the electorate of the DPS, but this very likely is a manifestation less of individualism than of a collective psychological rejection of a state authority that is considered responsible for the troubles experienced by Bulgarian Turks. A strongly expressed concern for the integrity of the homeland on the part of the two basic parliamentary groups (the BSP and the SDS) confirms "statesmanlike thinking" as a consequence of their power status. In addition to the realized responsibility for the fate of the whole, this could be a manifestation of a "corporate management spirit" and an aspiration to retain control over the majority.

The proclaimed aspiration of remaining in the homeland seems to conflict with the mass promotion of the European utopia ("common European home," "European United States," and so forth). However, the pair of claims aimed at openness to the world (attitude toward the telecasting of American and French cultural programs in Bulgaria) sheds light on this contradiction. The high degree of interest shown in foreign cultural programs indicates not only the drop of the ideological curtain but also the age-old Bulgarian aspiration to be a part of Europe (the peripheral complex). Preference between the two means of joining Europe—individual migration and the adoption of a foreign culture—is given by most Bulgarian citizens to the second: It is not we who should go to visit Europe, but rather Europe should be invited to our poor home. A third interpretation of the negative attitude toward television programs is also possible, related to the commercialization of culture, symbolized by American mass culture. This probably applies to a small group of intellectuals who seem to have chosen the "conservative" claim of "dependence on foreign culture," clearly guided by the idea of the preservation of a national cultural identity.

#### Public Authorities

Until recently, all of us knew that "the power belongs to the people." For the sake of this concept, many people tended either to forgive the rulers or simply to keep silent, even when their actions violated the interests of the ruled. All of us expected "to gain something," "to be given something." The break with this passive stance is a manifestation of a frame of mind aimed at "the new."

"I prefer to set by myself the conditions and objectives of my work" is an active, a seeking, stance. From the viewpoint of the until recently officially proclaimed one-man command and labor discipline, this is a "subversive" claim. The choice of the opposite is a virtual indicator of the old way of thinking and of the unquestionable acceptance of the authority of the regime.

The predominant majority of BSP (92 percent) and SDS (97 percent) deputies would like to determine themselves the conditions for their activities and objectives (after all, a leader is a leader). However, the voters supporting the BSP, the BZNS [Bulgarian National Agrarian Union], and the DPS profess more collectivistic views related to being provided with labor conditions in advance and the assigned tasks by the manager, unlike the SDS voters who are mainly in favor of individual choices.

Something similar may be noted regarding the dilemma of whether domestic journalism should or should not criticize the weaknesses and shortcomings of political leaders. Until recently, the circumstances surrounding the private lives of leaders in Bulgaria were considered secret, and their publicizing was lawfully prosecuted. Eighty-six percent of SDS deputies hold a stoic position, allowing the possibility of public criticism, something supported by 80 percent of their constituents. The voters



favoring the other three political forces and the parliamentary representatives of the BSP accept to a lesser extent the right of journalists to shoot polemic arrows at the new political leaders. They may be influenced by the fear of deheroization and the unwillingness to acknowledge that the king has no clothes. However, the high percentage of those who would like "to know everything" about the leaders also indicates some populist moods: Once again the leaders are separated from the remaining citizens as being "unusual" and "exclusive." This desire may also be an expression of the disrespect for autonomy and personal secrets. That is why we must not hasten with the conclusions of perhaps no more than a few people who would like to protect from public knowledge the personal weaknesses of political leaders.

### Morality

The traditionalism of today's Bulgarian society is probably most tangibly manifested in the openly negative attitude toward striptease and nonmarital cohabitation. Striptease is considered immoral by 39 percent of the respondents (the lowest number is among the SDS voters—26 percent; among BSP supporters, it is 51 percent). Cohabitation is considered unseemly also by 39 percent of the respondents (the largest number is among BZNS voters, 54 percent, whereas only 26 percent of SDS voters share this view).

On the other hand, these problems were covered by official ideology as well. Striptease has always been linked to the West, to "decaying capitalism." In a certain sense, even striptease, along with prostitution (in the mass awareness this was one and the same) were symbols of the exploitation of man by man and of moral degradation. In a certain sense, as well, traditional morality had also become the official morality. Thus, for example, striptease does not directly affect the interests of the people. However, it is a challenge hurled at their moral views of what is "admissible" and "correct," frequently identified with what is officially proclaimed.

The claim that "cohabitation between man and woman does not require marriage" is also a test of the "official" morality of the recent past. Even though this conflicts with the "fathers of the socialist idea," the family had been elevated to the rank of a state institution ("the basic cell" of society).

In terms of these two questions, the BSP electorate, on the one hand, and that of the SDS and the parliament as a whole, on the other, are representatives of two different cultural standards: The first could be described as "ascetic" (traditional), and the second as "hedonistic" (modern). However, from the viewpoint of the clash between the "old" and the "new," questions of striptease and cohabitation are not all that similar. In terms of the West, which is frequently identified with the "new," those who condemn these two realities are almost as numerous as those who approve of them. In this case, what matters is whether a personal rejection should assume the nature of a public prohibition.

### Ownership

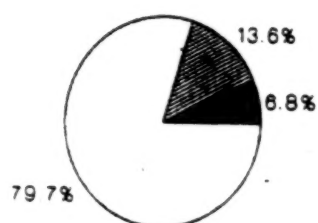
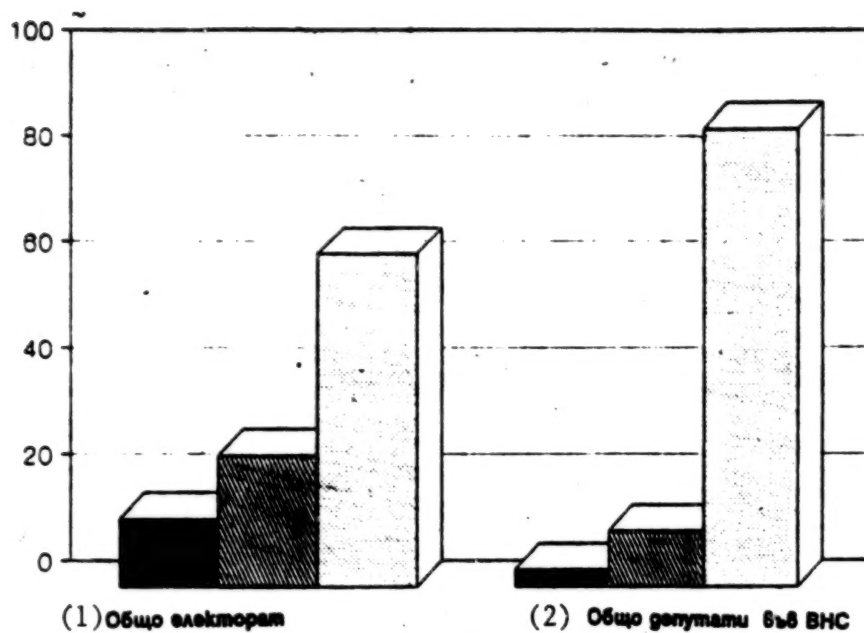
For almost 150 years, the topic of private property has divided public opinion in European societies. Today's Bulgaria is no exception. Private property has strong reasons to claim that it is a basic value watershed separating political communities: double the number of SDS voters, compared with those supporting the BSP, believe that "private property is a prerequisite for the free expression of the individual." Despite the clearly manifested viewpoint stipulated in the electoral platform of the Socialist Party that private property is compatible with democratic socialism, most Socialist voters continue to relate it to exploitation. On the other hand, SDS voters clearly consider it the panacea for economic difficulties and a prerequisite for prosperity.

To a large extent, the attitude toward private property is similar to the attitude toward money. Both the SDS and BSP parliamentary groups as well as the SDS constituents hold the very similar view that "money is an adequate external incentive for human activities." Voters supporting the BSP, the BZNS, and the DPS are on the other side. Many of them consider money a corrupting element. This choice reflects an instilled egalitarianism and a value-moral view of money. In our sociocultural tradition, money had been ascribed a mystical value, concealing a hedonistic potential that frightens egalitarian views. On the other hand, one of the popular socialist ideas is related to the elimination of money and conversion to a direct exchange of products as a means of surmounting social alienation. However, the claim that money corrupts people could be interpreted otherwise as well: The money goes to already "corrupt" people. Money is an incentive but not for conscientious work—rather for corruption (unscrupulousness, servility, careerism, and so forth).

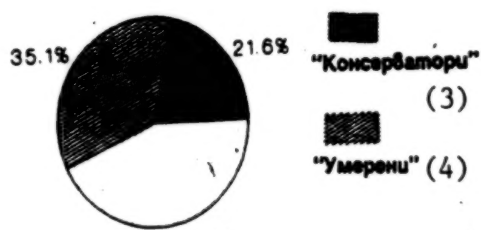
The themes of private property and money indeed divide opinions, and the watershed separates political forces. However, this is largely the result of the "interiorized ideology" and not so much of any rational interpretation of this truly eternal question.

### Conservatives and Liberals

The political history of the Third Bulgarian State began with the struggle between the conservative and the liberal parties in the 1880's. This tradition was largely forgotten in the past 40 years. However, this does not prevent it from migrating across generations as the true psychological and political experience of the nation. It is very difficult today to answer the question of whether the Bulgarian is "conservative" or "liberal," although everyone, even the notorious Mr. Ganzo Balkanski, is interested in this question. The latest public opinion surveys indicate that a high percentage of our compatriots would like to appear liberal, although deep within themselves they uphold the traditions and continuity of the "familiar old." Nonetheless, precise sociological methods enable us to lift the curtain on this question, as old as it is unclear, of "liberalism" and "conservatism."

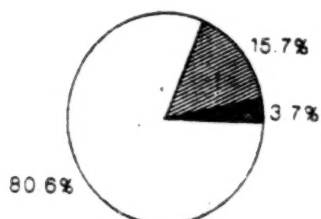


БСП - електорат (5)

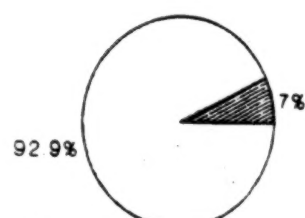


БСП - депутати (6)

"Либерали" (7)



СДС - електорат (8)



СДС - депутати (9)

## Key:

1. Total electorate
2. Total Grand National deputies
3. Conservatives
4. Moderates
5. BSP electorate
6. BSP deputies
7. Liberals
8. SDS electorate
9. SDS deputies

The primary processing of the test discards the "unable to assess" answer and combines nuances of "I rather agree" and "totally agree" within the "agree" choice (respectively with the one or the other of the pair of answers). This simplification unquestionably voids some nuances, which makes it necessary not to absolutize the thus obtained results.

In processing the test as a whole, the respondents were "categorized" into five levels. The first includes individuals who have chosen entirely "conservative" statements; the second consists of those who, as a whole, are "conservative" but prefer one or two "liberal" answers; the third is of those who have chosen an equal number of conservative and liberal answers; the fourth and the fifth include individuals who have chosen one or two "conservative" answers or are totally "liberal." In our analysis, individuals belonging to the first and second levels are conventionally described as "conservative," whereas those of the fourth and fifth are "liberal." We classify the intermediary third level as "moderate."

The results of this "categorization" as a whole are not surprising. Thus, for example, there is an obvious connection between the age of the voters and their views concerning the five-point scale in the test. The youngest and the young predominate in the liberal group, whereas the middle and older population predominates in the groups of moderates and conservatives. Nor was it surprising that, in Sofia and the average cities, liberals predominate, whereas conservatives predominate in the villages.

On the basis of the obtained data, we could structure tables of political communities (voters and people's representatives):

Deputies					
Level	1	2	3	4	5
BSP	0	6.8	13.6	42.4	37.1
SDS	0	0	7.0	23.0	89.9
BZNS	0	0	13.3	20.0	65.6
DPS	0	0	0	46.6	53.4
Total	0	3.2	10.4	33.5	53.0

Voters					
	1	2	3	4	5
BSP	10.5	11.1	35.1	27.6	15.9
SDS	0.8	2.0	15.7	27.8	52.3
BZNS	7.4	14.7	30.5	26.9	18.4
DPS	2.2	8.7	20.7	43.5	25.0
Total	5.1	7.6	24.6	28.9	33.7

The test confirmed the assumptions of differences between voters of the two large political forces, the BSP and the SDS. The bulk of BSP voters (63 percent) are in the middle of the five-point scale (3-4), whereas the SDS voters prefer "liberal" answers (80 percent are in the

fourth-fifth level). What is interesting, however, is the fact that BSP members are more "liberal" than are the voters supporting this party, whereas there is virtually no difference in the intensiveness of the selected "liberal" answers between SDS voters and the members of the individual parties within the opposition coalition.

As a whole, the BSP, BZNS, and DPS voters show roughly identical characteristics. The answers to five of the pairs (2, 4, 5, 6, and 7) showed similar results, tending toward the "conservative." However, these are questions related to the televising of Western programs, striptease and cohabitation, money, and jobs. The similarity among the three party voters is supplemented by the result of a basic distinguishing criterion, such as private property. In the majority of answers, the SDS electorate as a whole is distinguished from the others by favoring "liberal" views.

These summations are partially confirmed also by the "categorization" of the party electorates in the three groups, based on the test. Nearly 44 percent of BSP supporters and 47 percent of BZNS supporters are within the "liberal" group. Conservatives among their voters are, respectively, 21.4 and 20.1 percent. Matters are different in the case of DPS voters, 69 percent of whom are classified as "liberal" and only 11 percent as "conservative." If we consider in more detail the structure of this breakdown, we can see that the DPS leans more toward the BSP and the BZNS supporters than toward the SDS supporters. Actually, the high percentage of "liberals" in the DPS electorate is due to the answers concerning the ethnic problem. On the other hand, the highest percentage of voters of the BSP and the BZNS fall in the central "moderate" group (35 percent of BSP voters and 30.5 percent of BZNS voters). Whereas more than half of the SDS supporters are classified in the most "liberal" level, 5—52.7 percent (the overall figure for "liberals" among SDS voters is 80.5 percent)—no more than 3.7 percent are classified as "conservative."

The tables indicate that political representation of individual parties in parliament is, as a rule, more "liberal" than are their constituents. Differences among the levels of acceptance of "liberal" ideas among voters and people's representatives are strong in the BSP, BZNS, and DPS groups (BZNS, 39 percent; BSP, 36; DPS, 32; SDS, 12, with an average difference of 24).

Consequently, on the one hand, the constituents of the BSP, the BZNS, and the DPS display similar features that are rather "conservative"; on the other, their political representatives in parliament are much more "liberal." To a certain extent, this can be explained in terms of the different levels of education but is hardly adequate in shedding light on the problem. The reasons should be sought also in the peculiar features of the political situation.

The inadequate parliamentary representation of the different political groups is in some cases the result of

intensive changes in society and in the social consciousness. This condition conceals the potential instability, which could break down, in some situations, the brittle bridges between the electorate and its representatives.

#### What Did We Learn From the Test?

The initial interpretation enables us to sketch the social portrait of the thus-defined three "value groups." The first, that of the "liberals," rallies mostly citizens under 45, who live in Sofia or in the large cities, are better educated, show greater individualism, and vote mostly for the SDS. The second, "conservative," group consists mainly of people over 45, mostly living in the villages and responding to collective life standards. These are mostly people who vote for the BSP and the BZNS but are also found among SDS voters. The group of "moderates" (equally oriented toward the "new" and the "old," but somehow supporting the "present") are members of the active age group (26-60), who live mainly in the small towns and who vote mostly for the FSP. There is no "Chinese wall" separating these groups, and, in practical terms, they coexist in all social communities. Apparently, the most important problem is not that of the "old" or of the "new," but rather "what to take from the old" and "what to take from the new."

It would be hasty to draw definitive conclusions from the thus presented data and their preliminary interpretation. We have offered them exclusively as a point for consideration. After the conclusion of the survey, there appeared to be more questions than at the start. What is the correlation between interests and values in motivating political behavior? Should the old method of sociogroup determination of political behavior yield to the hypothesis of a value group structure? Is there a political dominant in political choices? The answers to these and many other questions presume the need for additional empirical and theoretical studies.

### CZECHOSLOVAKIA

#### Minister Dlouhy on Current Events, Issues

91CH02894 Prague RESPEKT in Czech 6 Jan 91 p 4

[Interview with Federal Minister V. Dlouhy by Martin Weiss; place and date not given: "We Are All the Reform"]

[Text] [Weiss] Do you have political ambitions?

[Dlouhy] I am, first and foremost, an economist. As far as the voters and the general political situation will allow me to, I would like to contribute to a successful startup of the reform. My ambitions are not a priori political, but I will always use political tools if I believe they will help me resolve economic issues.

This country is waiting for a classical liberal party, and Vaclav Klaus defined just such a party at the meeting of the Civic Forum [OF] in Olomouc. However, I believe it was a mistake to discuss the possibility of a narrower,

distinctly conservative party. I will be watching closely to see whether Vaclav Klaus will truly recognize the broad-based structure of the OF, as he himself defined it. As long as this party will truly be based on the principles he talked about and will have internal democracy, I will seek political support within the Civic Forum. I definitely refuse socializing trends, the legacy of 1968 and a third alternative, and I would like to become a member of a liberal party. But at the same time, I will make use of political cooperation with anyone, if I believe that it will move us forward. There are some extremes in our political spectrum that I would prefer not to associate with, but I think that in the future we will have to accept the possibility of cooperating even with the modern Leftist party.

[Weiss] Don't you see a danger in the fact that Vaclav Klaus has combined a political leader with a leader of the reform in his own person? If things get tough—and the reform would be worthless if they did not get tough—who will support him?

[Dlouhy] He must always proceed in such a way that his own party, in other words the Civic Forum, will support him.

[Weiss] But he will be presiding over it.

[Dlouhy] In that case others, who personify economic reform will have to support him: the economic ministers of all three governments, parliaments, as well as others. Klaus is not the reform, we are all the reform, including managers, private entrepreneurs, and, in the end effect, even unions. Macroeconomic steps are important, but the real battlefield is on the microeconomic level where new, efficient economic activities and real economic growth will be created. That is the heart of the matter.

[Weiss] You and your office took over a horrendous bureaucracy....

[Dlouhy] In connection with conflicts of jurisdiction, I have been accused of maintaining a huge organization and of centralism. I certainly refuse to be accused of centralism, but if anyone wants to criticize me for maintaining a huge organization, he is probably right. I would just like to say that it was very difficult. I inherited the State Planning Commission that employed 800 people. I dismissed 200 of them. In June I inherited various ministries which employed over 2,000 people. Again, I dismissed a lot of them, and some of them transferred to the republics. I still have an unnecessarily large, nonfunctional office with an excess of 800 people. It will now be up to the republics to see how many experts they can choose from among them. I would like to keep 200 to 250 people from those that remain, so that they can try to create a modern, flexible ministry.

[Weiss] Your natural partners should be the Ministry of Finance and the Central Bank.



[Dlouhy] Yes, it is an obvious triangle. The Ministry of Finance must deal with the tax policies and fiscal restrictions, so that the budget will not solely be a pro forma matter, as well as with privatization and a number of other clearly defined issues. The same applies to the Central Bank which—in very general terms—deals with monetary policy and the realities this entails. The Ministry of Economics will start representing the state as one of the entities involved in the economy. The Ministry of Finance cannot exist alone. It must have a counterweight in the Economic Ministries on the federal and republic levels. It is obvious that their role will be limited, that, in the long term, this country is aiming toward a very liberal economy where the state will play a minor role. But for the time being, during the transition period, this has not yet happened. Under the very difficult conditions of a limited budget and strict credit, the state must have certain priorities. It will not be able to continue many activities, since we do not have the money for them. But we will not freeze all investments, we will not stop the construction of nuclear power plants, or of freeways, etc. The energy policy must be ready by the end of January 1991. We are suggesting specific resolutions on how to continue building nuclear power plants. This will not be a two-year resolution, but at most a ten-year one, and should be approved by the Federal Assembly as well as the federal government. We are now cutting back on the brown coal power plants, but it has already become obvious that these cutbacks will not take place as quickly as we would like from the ecological point of view. This, for instance, means that we must simultaneously make major investments into desulfurization. International institutions may participate in the financing.

[Weiss] Could you give us more details on your ministry's role in privatization?

[Dlouhy] Privatization, as it is reflected in the transformation law, is primarily oriented toward domestic residents. There is a question as to where foreign investors fit in. Privatization "fundamentalists" say that foreign investors may only be allowed to participate after we have a financial and capital market. Otherwise we run the danger of selling out because we do not have an appropriate evaluation—of land, of capital, or even of the labor force. We have not even defined who the owner is. I share these apprehensions, but I do not believe they are reason enough to freeze all negotiations about foreign investment. This would inhibit one of the possible driving forces of economic growth for a long time to come. Therefore a specific strategy should be worked out as to how to approach foreign investments during the transition period. We are trying to do this.

[Weiss] Some of the steps taken by the Slovak Government give the impression that it has a somewhat more paternalistic economic spirit than the liberal economists in the federal and Czech governments.

[Dlouhy] That is probably one of the most complex problems for the immediate future. At the same time I

believe that we (I mean the so-called authors of the economic reforms) made a mistake. The economic reform—and, despite all the fears of social consequences, I still believe it must be uncompromising and quick—will affect different regions in our country with varying degrees of intensity. Both the Czech lands and Slovakia will be hit hard. What I am about to say is only my personal theory, but I believe that our Slovak colleagues came to the conclusion that the Slovak regions will be hit harder, and therefore that a quick economic reform is not really in Slovakia's interest. Or maybe there was another alternative: Slovakia's maximum economic independence and a maximum (naturally fair) allocation of capital, income, profit, etc., to the Slovak administration will create the basis for much broader redistribution processes and continuing subsidies within the framework of the Slovak economy. Of course, this could come into conflict with the federal idea of quick reform steps; but I am not making a judgment, rather I am stating that this is a matter of political reality. And this is where the federal (and my) mistake occurred: While, immediately after the meeting at Trencianske Teplice, I was able to see the transfer of all jurisdiction as simply being an undebatable fact, and I supported it as a step toward decentralization (and thus as a pro-reform step), by the Zidlochovice meeting I vaguely began to feel that the matter was much more complex. We in the federal government should simply have been more intelligent politically, able to evaluate the situation beforehand, and accordingly proceed using better tactics. But the other side did not proceed openly either: No one laid the cards on the table. To the contrary, I believe that the basic strategy was an a priori lack of faith in the federation. Even if our Slovak colleagues may also be gradually developing and adapting their opinions.

[Weiss] The Employer's Association recently demanded that the finance minister not implement the restrictive credit policy across the board, and that he make a distinction between enterprises that show promise for the future and those that do not.

[Dlouhy] That is a big problem. Generally we have no criterion according to which we can say to whom the restrictions will apply and to whom they will not. An enormous organization would be needed for this, which would be corrupt as before, and which would be subject to various external pressures for the very reason that it would not be able to control a necessarily subjective criterion. But, in the short term, it will be necessary to bear one thing in mind: the existence of macrorestrictions, price liberalization, high interest rates, and a market exchange rate, could put such great pressure on enterprises that both the specific core of the economy and the enterprises that could clearly be profitable would be paralyzed. In this area, the Federal Ministry of Economics and the republic ministries should selectively seek a way to support selected enterprises, but only during the initial months of the reform. This must not become a general rule.

[Weiss] What exactly is the difference between choosing capable and noncapable enterprises as demanded by the Employer's Association and the priorities you set?

[Dlouhy] The state must have basic macroeconomic priorities in those sectors that are obvious: energy, ecology, infrastructure. But please note that I never talk about the machine industry. The machine industry involves such heterogeneous products that trying to control it from above simply is not possible. This must be done by a market that has a suitable price structure and corresponding linkage to the world market.

[Weiss] What should your ministry do after the New Year?

[Dlouhy] It should deal with those aspects of economic policy that fall under the jurisdiction of the federation according to the Law on Jurisdiction: energy policy and strategy, economic contexts of the infrastructure, support for foreign investment, insurance through strategic raw materials, and coordination of foreign aid. But the latter in no way means that I would like to distribute foreign aid imperiously from the federal level. It is a matter of unified contact abroad, because foreign partners are very uneasy about talking to two or three partners on the federal level.

We will also be implementing federal priorities in the sector of structural policy: raw materials, energy policy, basic aspects of agricultural policy, construction of nuclear power plants, technology for and investment in desulfurization—all of this in fundamental sectors that apply to the Republic as a whole.

I believe—and at this point I am walking on thin ice—that the Federal Ministry of Economics could even take over a specific part of the Ministry of Foreign Trade's work. I certainly do not want to "swallow" foreign trade, but I believe that it would be advantageous to assign a number of the Ministry of Foreign Trade's present activities to the Republics or even to individual enterprises, and to combine the basic issues of commercial policy with federation-wide jurisdiction.

There are also further tasks: We will continue specific trade with the Soviet Union, where we will commit ourselves in advance to deliver something, so the Soviet Union will provide us with crude oil. But now we can no longer order an enterprise what to produce by means of a plan. The state will have to buy it from someone; our ministry should also ensure such state orders. Therefore, on the whole, what I have in mind is a Ministry of Economics and Foreign Economic Relations, which will also coordinate relations with an international integration association of the G 24 type, as well as with the slowly dying CEMA. However, for the time being, these are my own personal suggestions and the government and the Federal Assembly will make the decisions.

### Vladimir Meciar's Wife on His Private Life

91CH0293A Bratislava NOVE SLOVO in Slovak  
10 Jan 91 p 6

[Interview with Margita Meciarova, M.D. by Frantisek Melis; place and date not given: "One Must Endure!"—first paragraph is NOVE SLOVO introduction]

[Text] It is not an easy task to be the wife of the premier, especially of one who is completely devoted to his office. Margita Meciarova, doctor of medicine, has been married to the current Slovak premier for 19 years; they have three children. Both of them are involved in very demanding work that requires maximum energy. How, then, do the Meciar family organize their life? This question was the inspiration for our conversation with the wife of the Slovak premier.

[Melis] Who are you, Mrs. Meciarova?

[Meciarova] I am originally from Zilina, but I was raised in Bratislava, where I studied and where my mother still lives. I am now working at the department of neurology of the Pediatric University Hospital in the Kramary district of Bratislava.

[Melis] After your graduation, did you stay in Bratislava and work there?

[Meciarova] No, I did not want to stay there for the world. I realized that if a physician wants access to real work he or she must leave Bratislava. During my 21 years in Trencin I sure did have more than good opportunity to treat patients in the hospital. And it was there that I met my husband.

[Melis] You did not pick the easiest job after you moved from Trencin to Bratislava.

[Meciarova] Although I have a certificate of specialization in neurology of adolescents, I pursued my postgraduate studies in pediatric neurology which focuses mainly on sad cases. In fact, I see mostly children with congenital afflictions who often remain mentally retarded despite therapy.

[Melis] That demands love not only for your work but also for the children.

[Meciarova] I chose my profession of my free will and for a purpose; also, every mother has a feeling for children. In fact, our three children also demand what they need.

[Melis] In September you joined the hospital already as the wife of the premier. Has this circumstance affected your relations in the workplace?

[Meciarova] I don't think so. I had known several of my colleagues from meetings before my specialization, and thus, they accepted me without any problems. After all, I have to do my job, and that is the basis for our relations.

[Melis] Tell me something about your children.

[Meciarova] The oldest, Michal, is 18. After his graduation last year he was admitted to the premed course only on appeal and so, he is now working as an hospital orderly at the neurological department of the Regional Institute of National Health in Bratislava. I believe that he will benefit from this experience; it would help everyone who plans to study medicine. Our 17-year-old Vladimir will graduate from the academic high school in Banska Stiavnica. Originally, he intended to study computer systems in Moscow. However, the high school in Banska Stiavnica cancelled its preparatory course for foreign study and turned it into a language school, so he will study that particular field in Bratislava. And the youngest member of our family, our 12-year-old seventh-grader, Magdalena, attends the elementary school in Jesensky Street, whose curriculum includes intensive English-language courses. It seems that she is beginning to show acting talent. She is a member of a dramatic group and in addition, she plays volleyball.

[Melis] Almost every mother sings praises of her children. In your opinion what kind of offspring does the premier have?

[Meciarova] I hope it does not sound like bragging, but our children are nice. Since they were babies we tried to teach them independence and modesty. The boys attended a sports academy and used to swim; our daughter also used to swim for a while. They played the piano, but unfortunately, we had to leave it in our co-op apartment in Trencin. We would always emphasize that they must not be ostentatious. This served us well especially after my husband got into politics; it was most of all our daughter who became the target of quite a few snide remarks from her schoolmates. Their reaction to my husband's political involvement is a somewhat greater reserve. They are extremely aware of his position.

[Melis] And what is the wife's awareness of it?

[Meciarova] While we lived in Trencin, we were surrounded by peace and quiet because we were far away from political action. After my husband was appointed minister of the interior, I was literally frightened. But fortunately, my concern for our children often relieved my fears. Now, however, things have not improved except that since August all of us could be together, although our housing situation sure needs improvement.

[Melis] Didn't the premier get an apartment yet?

[Meciarova] For the time being, we are living in temporary housing facilities in Lamac; we feel rather isolated there. I have no desire to get a splendid mansion but we certainly need an appropriate apartment so that our children would have a better environment for their studies...

[Melis] ...and so that you could have undisturbed discussions, for example, of politics.

[Meciarova] Indeed, but in our family we do not discuss politics too much because I do not meddle in those

matters. Neither was I interested in his previous activities and now again it is again the same. I follow the principle that everybody should do the work he or she can do best, and medicine is what I can do best.

[Melis] How would you characterize your life with him?

[Meciarova] One must endure.

[Melis] Do you think that you are a support for him?

[Meciarova] We have discussed this question on many occasions. I would not regard my meddling in politics or giving him advice as support. But if the children are properly provided with all they need, if they study well and are well behaved, if he does not feel any parental burden and can fully devote himself to his work, then in my opinion, that is the best support a wife can give to a politician.

[Melis] What kind of a father is he?

[Meciarova] Strict, demanding, and fair.

[Melis] And as a husband? Can he, for example, cook, or does he help with housework?

[Meciarova] I love to cook and so I don't demand it from him. I don't want him to meddle in my cooking. When he was not so busy, he used to help. Now it is more difficult because his time is so limited and he often works Saturdays and Sundays, so the children have to do the chores in his stead.

[Melis] Weren't you jealous when the readers of SLOVENKA voted him Man of the Year last December?

[Meciarova] What woman will admit that she is at least a bit jealous? However, I cannot be jealous of the favor shown by the readers of SLOVENKA; after all, it expressed their appreciation for his work.

[Melis] As a physician, aren't you worried about his health?

[Meciarova] I sure am, although now he is in good shape, but he must feel tired because it is impossible to work so hard for nearly a year without any respite and without a good night's rest; all he gets is four hours' sleep a night. But how could I force him to work less strenuously?

[Melis] To what does he credit his well-being?

[Meciarova] Sports, I think. When he was a youngster in Kosice, he used to box, then he played soccer, and also, he used to get much more physical exercise before getting into politics. Also, he neither smokes nor drinks any alcohol, not even beer.

[Melis] Recently he said that he would prefer to leave politics and devote himself to his hobbies. What are they?

[Meciarova] He used to spend lots of time working in our country cottage and the adjacent garden. We bought that house in a very run-down condition. My husband and

sons have done most of the repairs and neither would I shirk from physical labor. Until we got a circular saw, they used to cut wood with a handsaw. The boys were then training in swimming and so it was excellent exercise out of water. My husband used to spend lots of time taking care of our trees and growing vegetables; last year we managed to grow enough vegetables as well as potatoes to last us all winter. He likes to hike in the woods. He plays the accordion, and we all like to sing folk songs by the fire in our cottage.

[Melis] Which one is his favorite?

[Meciarova] On the King's Plain....

[Melis] Do you drive to your cottage?

[Meciarova] Yes, we do; we own a Skoda 105. Don't be surprised, it is the best car for country roads. It takes us to our cottage in any weather.

[Melis] Who does the driving?

[Meciarova] I do as well as my son and my husband.

[Melis] Where does the premier's wife shop?

[Meciarova] In a regular store in Lamac, but also in a store near my mother's place; from there I tote my purchases home.

[Melis] How did you survive last year?

[Meciarova] With great difficulty. I used to think that the year that was ending was the most difficult. I can say that thus far everything after last year has been pure pleasure.

[Melis] What are your wishes for the new year?

[Meciarova] Most of all, good health which is the prerequisite for creative work. If we don't have health, then no matter how great our ideas may be, we cannot translate them into reality. And then I wish that the interhuman relations improve so that people get rid of the malice that is now so prevalent among them. They should concentrate more on their work—that will be the best support for the policies of the government.

### Key Ideas Involved in Civic Forum's Reform

91CH0290A Prague LIDOVE NOVINY in Czech  
9 Jan 91 p 10

[Article by Petr Prihoda: "It Is a Matter of the Forum and of Reform"]

[Text] Even those who did not want it are now convinced of the inevitability of the transformation, but a covert battle is still going on about its meaning and significance. There are roughly three different types of ideas in circulation.

The macroeconomist believes in the necessity to renew the market immediately. In a sealed room, where people are already beginning to suffocate, there is only one thing

to do: Open the windows wide. And persuade those inside not to prevent it. The healthy air will then do the rest.

The humanist emphasizes that man is not merely homo economicus. Therefore he is not particularly convinced about the self-healing power of market mechanisms. He, too, knows that one must open up, but he is afraid that the people inside are suffering from addiction to various poisons. Fresh air may cause withdrawal symptoms, just as when drugs are taken away from a drug addict. He believes that, in the interest of survival, it would be advisable to partially close the windows from time to time. Naturally, the macroeconomist does not agree with this because, if the people inside do not start breathing oxygen, they will never recover from the poisoning. The macroeconomist admits that the creation of a market is not a cure-all, but he considers it to be the essential first step toward further healing.

The socialist considers the transformation to be a necessary evil. Or just plain evil. He does not want to open wide. He would like to keep the windows closed almost permanently, even if it means that the atmosphere inside will become toxic. He cannot imagine a situation without intervention by the state because he fears that, once the half-suffocated people have totally regained consciousness, they will behave like animals toward one another. In this day and age he no longer dares to say this aloud, and therefore he expresses his views like the humanist. Thus he discredits the latter in the eyes of the macroeconomist.

The relations between the advocates of these attitudes are not exactly friendly. The socialist considers the macroeconomist to be a gambler and maybe the humanist a little, too. The macroeconomist hears the humanist's reservations, registers the socialist's disagreement (often in a quasi-humanist wrapping), but mainly he feels the unrestrained and defiant inertia all around him. Therefore he feels that he is surrounded by animosity. Thus he may even become paranoid and not make a distinction between the true animosity of the incorrigibles and the lack of understanding of the unenlightened. Matters would improve if the humanist behaved in a more credible manner and kept his distance from the cryptosocialists. It should not be all that difficult, because the macroeconomist is absolutely right on the most essential issues.

The struggle for reform parallels the maturing process of the Civic Forum. Actually they are two sides of the same coin. It is the conscious and unconscious opposition to the transformation that is forcing the movement to become a political party. A mere movement would not be able to surmount this opposition. Will a party be able to surmount?

It is from the Civic Forum [OF] assemblies in the republics that the most insistent voices calling for a transformation into a party can be heard. It is debatable whether the participants are true delegates and the



movement does not have a sound structure. Mostly they are activists "from below," from the okreses. From this level it is easier to see the inertia of the situation than from the ministerial seats, as well as seeing how few achievements have been injected into it "from above." The activists are impatient, but they are the only antennae through which the OF can gather information about the situation "below." They would like the party to be uniform, vigorous, and influential. Such a party is always similar to an army. And it only has a large number of voters when things get really bad.

Vaclav Klaus is the guarantor of the transformation; we all view him this way. At first he seemed to be a nice, self-confident person, now he looks tired. He constantly has to grapple with that conscious or unconscious opposition. Dealing with people who hold different opinions or are uninformed is not his strong point, and therefore he has made additional enemies. He considers the transformation to be a baby which he is trying to bring into the world, but all kinds of people are scheming against it. Mr. Klaus' dissatisfaction is similar to the dissatisfaction of the activists "from below," and this similarity has brought the two sides closer together. As a minister and a macroeconomist he deserves unconditional support. However, as a politician he causes frustration. He tends to think in a dichotomous way, which has barbs: He likes to classify things as "first" and "second," with nothing to follow; the first is good, while the second is bad. People are concerned that his political practices will be guided by similar stereotypes.

The liberals, i.e., the signatories of the Liberal Club's declaration, as well as their supporters chose a somewhat unsuitable appellation. Obviously in the spirit of the times. They also submitted a program that causes frustration, because it is full of trivialities. Why did they make such an expose? Their initiative would be more understandable if we admitted that what brought them together has been kept quiet: the joint slogan of the "liberals" is caution toward Mr. Klaus' political behavior and toward the possible one-sidedness of the activists from the okreses.

Since we still do not sufficiently distinguish between econopolitical and party-political attitudes, the OF platform becomes unclear and mutual suspicion grows. This jeopardizes society's support for the transformation process, which desperately needs it. And it will not be provided by anyone other than the OF, except possibly its successor, a political party. As well as its electorate. If the party-creating initiative of the OF were primarily guided by the principle of elimination, its successor would probably not be able to ensure this support. It would be better if one succeeded in "shifting" as many OF activists as possible, from everywhere not only "from below" into the future political party. But a prerequisite for this would not be a compromise; it would have to be a new synthesis, which would make it possible to surmount the harmful conflicts between the "Klausists" and the "liberals," and between the macroeconomist and the humanist. And there would have to be less ambition.

Even in such a case, the "Klausists" plus the activists from the okreses would continue to be the driving force of the future political party. Without a consistent macroeconomic strategy our humanism and liberalism would merely be platonic or barren.

### **Sudeten Germans Visit Former Home, Meet Czechs**

91CH0250A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Dec 90 p 3

[Article by Ota Filip: "Lookouts in Border Village Watching for Returning Sudeten Germans: Anxiety, Uncertainty Vis-a-Vis the Germans"]

[Text] Lesna, in December—For Lesna, the last village in the Tachov district (or Tachau, in German) right at the German border, the year 1990 started with a bang. Newly elected President Vaclav Havel apologized to the Sudeten Germans for their expulsion from Czechoslovakia in 1945. In the village Havel's words were taken as an invitation to them to return. The country road from Lesna to Georgenberg in Bavaria, unused since 1945, was placed under guard night and day. Volunteer lookouts inside the village watched for returning Germans.

"They did not come until the spring," Mrs. Lida told me in front of the consumer cooperative store. "They also visited our house which formerly belonged to them and looked around in silence. They brought something for the children to snack on. I made some coffee. There was not much to talk about because I do not understand a word of German." Then she added: "Do you wonder whether I am afraid of the Sudeten Germans? I was a year ago but not any more."

Jan Baran, the mayor of Lesna who was freely reelected last autumn, no longer wanted to talk about handbills circulating in the village in January 1990 which branded Vaclav Havel a traitor intent on abandoning the Czechs in the border region to the Sudeten Germans. Baran, a former member of the Border Troops, was visibly relieved when he spoke of the good relations with the inhabitants of Georgenberg on the other side of the now open border. "When the Georgenbergers come visiting, the women in Lesna serve Bohemian roast pork with dumplings and bake sweet rolls for them. And when we go to Georgenberg, we get tasty Bavarian food."

### **Bavarian-Bohemian Wedding**

A lot has changed along the border. On Vitkov Mountain which marks the frontier two reconciliation crosses made of stone and dating from the 17th century were erected once again last October. In Jedlina, a few hundred meters inside Bohemia, a German cemetery which had been separated from the rest of the world by barbed wire and minefields for almost 50 years was cleaned up and newly consecrated in a Mass celebrated in Czech and German. In October, the first Bavarian-Bohemian wedding since 1938 took place. Miroslava Dockalova, the bride, came from Rozvadov and Johann Meckl, the

bridegroom, from Vohenstrauß in Bavaria. The civil wedding took place in Bohemia and the church wedding in Bavaria.

To be sure, Bohemian-Bavarian relations are not always as amicable. For Kamil Baca and Zdenek Kubik, the representatives of the Civic Forum in the newly elected Tachov district administration, the opening of the frontier also presented problems. Tachov district which was an area situated at the end of the world just a year ago now lies in the heart of Europe, politically speaking. Economically, however, the area west of Tachov up to the Bavarian border is a thinly populated underdeveloped region. The statistics tell the story of why this is so. In 1945, Tachov district (then named Tachau) had 95,000 German inhabitants. Almost all of them were expelled. Today, the district has just under 50,000 Czech and Slovak inhabitants. On the table in Kubik's office there is a map of the district. Some of the villages on it only exist on paper. There is almost no one living in the area that extends from the border to 20 or 25 kilometers inside Bohemia. Up to the summer of 1990 it was a restricted military area.

"Now we are faced with the question of what to do about the depopulated area." In mid-December 1990, Kamil Baca, who is responsible for internal administration in Tachov and for relations with the district's Bavarian neighbors does not have an answer. The democratically elected district administration faces serious problems now. On the one hand, Baca would like to promote tourism, build hotels and pensions as is the case on the Bavarian side of the Bohemian Forest and make the depopulated, destroyed villages inhabitable again. On the other hand, he is running into the opposition of the environmentalists who would like to keep the woods along the border as untouched as they have been for the past 50 years.

There are not enough people in the Tachov district. All families willing to settle west of Tachov are welcome. In mid-December the Czech Government approved the repatriation of 1,000 Czechs who settled in the Ukraine in the middle of the 19th century. Fate forgot these Czechs in the area around Chernobyl. They want to return to Bohemia now that their villages are contaminated by radioactivity. Kubik, who is responsible for settling people in his district, went to Prague "to get" at least 15 or 20 families for his district.

"I would gladly have brought in 100 families," he said. When asked whether he would like to bring back the Sudeten Germans expelled in 1945 Kubik became embarrassed. "A return of several hundred thousand Sudeten Germans 45 years after their expulsion is out of the question," he mused. "We must now take advantage of our historic opportunity. Our Sudeten German and Czech fathers spoiled a common future for us in the years between 1938 and 1945. We therefore have no other choice than to start with a new future. But before we can do that, we must come to terms with our present."

The present confronts the people along the border with unanticipated stumbling blocks on their way toward a new future. OZVENY (The Echo), a Czech periodical jointly published by OBERPFAELZER NACHRICHTEN and TACHOVSKA JISKRA, carried an interview with Josef Seebauer, the head of the Weiden criminal police department. Faced with a wide selection of consumer goods, the Bohemian visitors are frequently unable to resist the temptation to shoplift. "Anyone caught shoplifting a second time in Weiden," the police official warned, "will no longer be fined but go to jail for a while."

But the residents of Tachov and environs also have their problems with the visitors from Bavaria. Marketa S., a German woman who was born in Tachov and has lived there ever since, is ashamed of her Bavarian compatriots. "I just can't believe it. They come over and buy up everything in sight as if they were suffering from privation back in Bavaria. I saw a Bavarian woman buy 15 teapots here. Another woman bought 10 cakes at the baker's and a man and his wife bought a large number of salamis and five kilograms of choice beef. When the Bavarians pay marks here and can exchange them at the official rate of 20 crowns at the bank or at 25 crowns from black marketeers on the street, anything they buy is dirt cheap for them. What with the steadily rising prices the Czechs are short of money. I think they are justified in getting angry at the Germans."

#### Fear of Return?

Karel Halla, the director of the grade school in Primda, who still is a member of the Communist Party and has no intention of changing sides, speaks of his experiences with Germans in general and Sudeten Germans in particular. "We have had many Sudeten Germans visit Primda but I have heard none of them say that they want to come back. There was only one unfortunate incident this year. A Sudeten German who visited his former family home thought he recognized a wardrobe from his youth and wanted to take it back to Bavaria right away. When you ask whether our people are afraid the Germans will return, I can give you a simple answer. For the past two years people in Primda have been building houses again. People who are afraid they will have to leave their village would not be building houses, would they?"

The telephone operator at the district administration building, a middle-aged woman, is not afraid of the Germans. "After three or four visits with our Bavarian neighbors, I often said to myself: so let the Germans take us." Mrs. Lojdova, the head of the local museum, also wishes the Bavarians would "take" both her and her museum. "I visited the local museums on the other side of the border," she tells us in her damp office in a former Franciscan monastery. "When I saw how painstakingly and lovingly they deal with their history, I was just a little ashamed for my own museum." A bald, elderly gentleman told us the following absurd story at the

Lidovy dum [People's House] inn: "Prior to the communal elections a citizens' initiative was launched in a border town, the name of which I will not mention, which called for the incorporation (I purposely refrain from saying annexation) of the town and its environs by Bavaria." "That's a good joke. Only someone like Schwejk could have thought of that," said another man who was addressed by all and sundry somewhat disrespectfully as "Doctor." The bald man looked at the doctor somberly and said quietly: "I think it was rather a bad joke."

Stare Sedlo (the German name of which is Altsattel) presents a problem to the Tachov district administration. All of the village's 718 votes went to the communists, electing an old-line communist as mayor. In the aftermath of last fall's communal elections Havel's Civic Forum has no voice in Stare Sedlo. The village is run according to strict ideological precepts as before. Tonda, a 30-year-old tractor operator on the state farm in Stare Sedlo, has wrestled with and resolved the Sudeten German problem in his own mind once and for all. "We do not have to deal with the Sudeten Germans at all," he says. "We threw them out and that is that."

An old woman with swollen legs threading her way across the icy road to the consumers cooperative looked around uncertainly and said: "Am I afraid of the Sudeten Germans? If you really want to know what I think, I will tell you. The Sudeten Germans were a calamity for all of Europe in 1938. They are weeds that need to be stamped out." The old woman was in no mood to talk about reconciliation. The ravaged German cemetery in Stare Sedlo does not bother her. She looked at me disdainfully and said: "The Sudeten German past does not even deserve a gravestone."

Although history may not be just it is balanced now and again. In Stare Sedlo the German crosses were destroyed. But a Sudeten German cross will soon be seen again at the castle in Prague. Otto Herbert Hajek, a Stuttgart sculptor who was born in the Bohemian Forest, has presented a cross of wood from the Bohemian Forest he made in 1949 to Vaclav Havel. Havel accepted the gift. In mid-December, the president sent official word to the sculptor that the cross will be placed in St. George's Basilica, the oldest church in the Prague Castle.

A cross made by a Sudeten German artist will grace the more-than-1,000-year-old wall next to the tomb of Ludmila, the first Czech saint.

## HUNGARY

### New Interior, Finance Ministers Interviewed

#### Boross on Interior Ministry Functions

91CH0268A Budapest NEPSZABADSAG in Hungarian  
15 Dec 90 p 5

[Telephone interview with Interior Minister designate Dr. Peter Boross; place and date not given—first paragraph is NEPSZABADSAG introduction]

[Text] Shortly after Prime Minister Jozsef Antall announced the nomination of Dr. Peter Boross to become interior minister, we conducted a telephone interview with the nominee. We inquired which tasks he viewed to be the most urgent.

[Boross] Intensive work has been going on in the Ministry of Interior for quite some time relative to matters concerning autonomous governmental bodies. Preservation of the standards of government administration are related to this. Hungary has great and positive traditions in this regard. In the early part of the century, our developed system of government administration lifted our country out from the ranks of Balkan countries. At present, returning to the old splendor of government administration—both in terms of personnel and of establishing a clear-cut legal framework—will cause great problems, if we want to do this in a spirit by which all this constitutes service in a democracy, to which citizens are entitled.

We could talk about many things as far as the police are concerned, but the most important task is to ensure safety on the streets. To accomplish this, we need a police force which is extremely disciplined, which has self-confidence, and which has prestige, because there can be no self-assuredness without prestige. Further, we would need the appropriate means to accomplish all this.

### Kupa, Boross Characterized, Discussed

91CH0268B Budapest MAGYAR NEMZET  
in Hungarian 20 Dec 90 p 3

[Article by B.I. in the daily feature "Hungarian Diary"]

[Excerpt] Parties seated in parliament are lining up in support of Mihaly Kupa. In him they recognize the last hope for preventing an economic collapse. Presumably they pin their hopes not only on Kupa's professional competence, but also on his tough management style and firmness, particularly in the aftermath of a bipolar (Rabar-Matolcsy) economic policy pursued thus far, which was recognized as one that must not be continued. At his confirmation hearings in parliament the finance minister designate spoke of definite plans and concepts. By the end of February there will be a new economic policy, and strategic package plan. All of this may be described as the structure characterized by the active "social market economy." The fact that the opposition remained expressionless during the hearing may be explained not only on the basis of courtesy or by claiming that they found an easy way to escape responsibility, but rather it may be explained much more by the fact that at last, Mihaly Kupa discussed specifics. He made statements on the basis of which he may be held accountable; statements that could be evaluated by professionals who understand the concepts behind certain phrases and given statements. Thus, the minister designate was able to establish the cabinet's economic policy conditions vis-a-vis the parliament. The role and weight of the state must be reviewed, a legislative proposal



concerning the state household budget and concepts concerning the tax system must be developed by 1 July, and he should resign his position if he fails to receive sufficient support for the performance of these tasks. One can only hope that the concept described will move the Hungarian economy in one or another direction. Will this be the right direction? Relative to this matter one can only say that Mihaly Kupa created the much criticized Hungarian tax system. Had this system, as a remnant of the party state, been so bad? Had it been so damaging to the Hungarian economy and society that the new political and economic system would have been able to change the tax system already?

We may formulate a picture about the future interior minister's perceptions and style based on his statements before the National Assembly Committee on autonomous governmental bodies, government administration, internal security, and the police. "The police must function as a tough, manly, disciplined hierarchy, not as a team of young ladies. It should be self-evident to policemen that it is mandatory to use the available means in given situations." Peter Boross does not assume his new function with the intent of "exterminating people" in the apparatus. [passage omitted]

#### **Kupa Background Described, Discussed**

91CH0268C Budapest TALLOZO in Hungarian No 51, 21 Dec 90 p 2424

[Interview with Finance Minister designate Dr. Mihaly Kupa by Laszlo Megay; place and date not given: "His Case Was Not a Conceptual Case"—reprinted from UZLET, 13 December 1990, page not given—first four paragraphs are UZLET introduction]

[Text] Not too long ago, at the time when almost every high-ranking state official was preoccupied with changing his clothing and speaking about his vexations, Dr. Mihaly Kupa announced in an interview that he was always a well-paid and a respected financial professional, even though after defeating the revolution he was dragged to prison from the school he attended. The charge: "armed conspiracy against the democratic order of the state." The suit against him did not constitute a conceptual case.

As a high school student he really wanted to overthrow the system of Kadar and Munnich.

After a forced late career start, the now 49-year-old financial professional took off. At first, only the profession was aware of him as an associate, and later as a deputy director of the Financial Research Institute. Subsequently, he was appointed to leading positions in the Ministry of Finance. Thereafter, he appeared in public as the front man for tax reform.

He accepted a number of thankless assignments, and gained recognition mainly in the international financial world. Many [foreign countries] would like to see him occupy the place of one of the economic ministers. At

present, he is managing director of the DRT Hungary auditing and certified public accounting firm.

#### **Ties**

[Megay] Mr. Director, we acknowledge the many roles you have played, but in the end, what is your real expertise?

[Kupa] I specialize in what they call "macro financial affairs." Budgetary, tax, and international financial affairs, settlements in the international economy—they are all part of this matter. Many regard me only as an expert on taxation, but issues regarding the tax system never arise by themselves, even though those are the ones of the greatest interest to people.

[Megay] In Hungary, it is appropriate to designate economists as belonging to some type of school of thought.

[Kupa] If I must tie my outlook to such classification, I would say that I am more of an advocate of Keynes than of the neoliberal school. Although it is fashionable today to minimize the teachings of Marx—I do not follow that fad—quite naturally, in such cases I do not have his dogmas in mind.

Marx described very many things accurately, in a form that is still valid today. For example, capitalism is based on free competition. The effect of this is well reflected in Hungary, insofar as many people prefer to invoke examples from the previous century. That's how it is; we are provincial.

#### **The Hungarian Ship**

[Megay] This perhaps does not have much significance, because the international economy nevertheless will integrate with us.

[Kupa] Indeed. I may analogize our joining the Council of Europe to a ship that is just being towed into the harbor of Europe, whether it wants this to happen or not. They do this in a very polite way, but firmly. One could say that they dictate this to us.

[Megay] The only question is the extent to which this is advantageous for us.

[Kupa] The European Economic Community has strict, prescriptive rules in virtually every field of the economy. If we want to join Europe, we must observe these rules. But we should also recognize that the market economy is not a homogeneous model; it also builds on the peculiar cultural features of individual nations.... In Hungary most people are capable of thinking in terms of extremes only. They either recommend the servile copying, or the full rejection of a model.

[Megay] In your statements and situation analyses there always exists a mixture of bitterness and optimism. Why is that?

[Kupa] I am an optimist by nature, yet at the same time I have lived through many bad things. If I become bitter

about something, it does not follow that I will not continue my work.... I agreed to assume a public office and to play a public role in the 1980's because in my judgment, Hungary's chances to redeem itself from a situation that it entered through no fault of its own were good.

Nevertheless, two things always make me feel bitter. Notably, the fact that in Hungary, it never sufficed if one was highly prepared for a career.

One could count on being recognized only if he worked until he literally became sick, and if he so stated that fact in a number of places and on a number of occasions.

The other matter that makes me sad is that for a long time, the most important issues were decided by rather filthy interests. This is so, even though individual interests can also be enforced in an elegant manner, and mainly without causing damage.

#### He Does Not Judge

[Megay] I cannot recall any statement that you made in which you condemned your colleagues. Do you know the people who could be held responsible for the present economic situation?

[Kupa] Of course I do. But most of them have virtues, not only faults. I also know them personally, and it would not be becoming to a gentleman if I would search for a culprit among them. As far as the present cabinet and its key personnel are concerned, I believe that we held democratic elections, and that the new government needs time and patience to establish itself.

[Megay] As you said earlier, you relate to the economy at the macro level, but your present work ties you to the micro sphere....

[Kupa] In part. Altogether there are only six international auditing and certified public accounting firms in the world similar in size to DRT. General Motors is our leading client. The affairs of that company cannot really be regarded as insignificant. Incidentally, the DRT employs 70,000 people in 70 countries. Thus far, the firm's tax committee consists of seven members. I became the seventh member of that body.

#### Anti-Semitism Charged; Accusations Refuted

91CH0301A Budapest HITEL in Hungarian 9 Jan 91  
pp 53-54

[Letter by Tamas Barabas in response to an article published in HITEL on 14 November 1990: "Why, Where Should We Be?"; translation of article appeared in JPRS-EER-91-002 of 9 January 1991]

[Excerpts] To date I have been forced three times to repudiate Gyorgy V. Domokos's fixed ideas on anti-Semitism that recall the times of the early 1940's. It was in NEPSZABADSAG that he first proclaimed his ideas in the weekly "168 Hours" and on the radio program

"Out of First Hand." Apparently, from his renewed charges that are again loaded with anti-Semitism (HITEL, 1990/23), what he surmised from all this is that it was an "hypocrisy" when Peter Hanak and I "tried to show that Jews are divided by a hundred different factions and deny any kind of identity and unity among them."

The author does not remember, although I wrote it several times that as a result of recurring persecutions, an inevitable unity among Jews exists, and has always existed for more than six thousand years. It existed every time when they were locked into ghettos and starved, it existed when they were lined up at the bank of the Danube River to be shot, it existed when they were pushed into box cars for deportation, and it existed when they were herded into gas chambers for extermination. During such times unity exists only because of necessity, but even then this unity is mostly passive. Incidentally, there are as many disagreements and differences of opinion among them (the Jews) as among anyone else.

On the one hand, Gyorgy V. Domokos is naive, which in and of itself, is an attractive trait. On the other hand, his ignorance is actively poisoning his naivete, making it dangerously spiteful.

It was not mere naivete when Domokos not only believed the Maxwell story as told to him by a journalist acquaintance, but also went so far as to consider it "indirect evidence!" This testifies to his complete ignorance of liberal democracy which, incidentally, he rejects. Of course, the reason why Mr. Domokos dislikes liberalism and rejects democracy is not only because they are strange to him but also that he has absolutely no inkling of their function. He is capable of believing the "big lie" that whenever a British press magnate buys a newspaper, he will request a survey made on the religious affiliation of the staff members and will then issue an order that there must be more Jews than Christians on the staff. Well, if this is the way things go—or ever went—anywhere in the free world, then among other things, the war would have been won by Hitler, not by them!

Note here that I do not understand the editors of the HITEL either. Was there no one among you who would have cried "Halt!" at least at this paragraph saying, "boys, we cannot swallow everything?" But if we publish it with the risk of legal action to be initiated by Maxwell (he did not initiate one), let us at least put an asterisk at the end of the article and state that we do not agree with every word in the article but we put it up for debate anyway. Since the HITEL did not make such a commentary, I am forced to believe that it also falls for every stupid and flagrant lie (when it is about Jews), just like its illustrious author, Gyorgy V. Domokos, who apparently made the Jewish issue, partly created by himself, an overwhelming obsession.

I have no reason to defend Pal E. Feher, but it is evident that nothing is true about him in Domokos' article.

Many bad things can be said about Pal Feher but [passage omitted] it is definitely a false story [passage omitted] that Mr. Feher asked one of his prospective staff members whether he was a Jew, and because he was not, he was therefore not hired by the NEPSZABAD-SAG. [passage omitted]

It is risky to use the results of the elections as an indisputable argument, as was done by Domokos: "On the other hand, Jews arguing for radical liberalism must understand and accept that although the ideal perpetuated by them has spread into a much wider circle, in part because of their impact and in part because of other influences, it still is in a minority as proven by the elections!"

Comments: (1) It is not only Jews who are arguing for "radical liberalism," as I personally know many Jews who argued against it and voted for the MDF [Hungarian Democratic Forum]. (2) If Domokos is correct in his assumption that the elections in and of themselves substantiate ideals and ideologies (but I do not believe him in this either), does that mean that the local elections had approved liberal ideals—less than half a year after the parliamentary elections that confirmed conservative ideals? Does this mean that they are not in the minority anymore?

The one thing that I am the least inclined to accept is that "It is a weak argument that there is now democracy and freedom of speech, therefore, the government and the coalition may—or even must—be attacked and maligned at any time."

Well, this is the greatest problem (in addition to his fixed idea on Jews) in Gyorgy V. Domokos' thinking: he considers the strongest argument, i.e., democracy and freedom of speech, to be the weakest. These are precisely the concepts for which we changed the system. No argument is stronger in a democracy than the argument concerning democracy. That always (and everywhere where democracy exists) means the freedom of attacking the (given) government. [passage omitted]

## POLAND

### Parliamentary Elections: Proportional or Majority

91EP01954 Warsaw GAZETA WYBORCZA in Polish  
19 Dec 90 p 11

[Position statements on parliamentary electoral regulations by party leaders: "Recurring Argument on Electoral Regulations"]

[Text] On 25 October the Sejm decided that the basis for future work on electoral regulations would be the draft bill of proportional electoral regulations (prepared by the PSL [Polish Peasant Party], the PKLD [Deputies Club of the Democratic Left], and the SD [Social Democrats])

and not the draft bill of combination (majority-proportional) electoral regulations presented by a group of OKP [Citizens Parliamentary Club] deputies.

The proportional draft bill is based on voting for lists of political groups which would receive a number of mandates proportionate to the number of votes obtained.

At the same time, the draft regulations do not provide for a threshold (percentage of votes) to be used to prevent the entry into parliament of those parties which have received the fewest votes on the national scale.

Opponents of the proportional system fear that a Sejm elected in this manner would be controlled by many small parties, thereby preventing the creation of a stable parliamentary majority and a strong government.

In practice, the adoption of the proportional electoral regulations would be irreversible, for the representatives of small parties would not be interested in introducing a majority system.

The combination draft bill of electoral regulations, presented by the OKP, established that half of the deputies would be elected in single-mandate districts according to majority principles. Whoever gained the majority vote would receive the mandate.

The second half of the chamber would be elected in electoral regions (several districts) according to a proportional system (voting on party lists).

The OKP draft promoted strong groupings. Opponents of the draft maintained that it would restrict the potential of smaller parties to gain parliamentary representation. The opposition claimed that a Sejm elected in this manner would not reflect the real shape of the Polish political scene.

A president elected in universal elections will be a strong president. A strong parliament can function as a counterbalance to him. Such a parliament can manage to create a government which is founded upon a parliamentary majority and not a coalition of many small clubs with conflicting interests.

### Henryk Wujec—ROAD

ROAD [Citizens Movement—Democratic Action] presented a draft of majority-proportional electoral regulations to the Sejm. The chamber, however, favored a proportional variant and this draft will be the topic of further constitutional committee work.

ROAD has still not decided whether it will return to this issue during the second reading of the draft bill on electoral regulations in the Sejm. In my opinion, it should return to this matter, even though the opportunities for changing the positions of the chamber are small. Sixty-five percent of the Sejm voted for the proportional draft (the PSL and PKLD, as well as some OKP deputies (Christian-National Union).

In my opinion, given the experience of the presidential election, it will be possible to convince them at least to introduce a five-percent threshold into the proportional election law, since the support received by Cimoszewicz and Bartoszcze was higher.

ROAD will aim to introduce such a threshold even though this may work in our disfavor. However, the use of marginally proportional electoral regulations would lead to the entry into the Sejm of dozens of political groups incapable of creating a stable majority and to the danger of constant changes in the various offices, thereby compromising parliamentarism. On the other hand, the use of a five-percent threshold would introduce into the Sejm not more than seven or eight groups which could then create a relatively stable political structure.

The presidential election campaign showed that the appearance of demagogues outdoing each other in promises is very likely. The electoral regulations have little chance of reducing this danger (although party control may have some significance with a proportional electoral regulations). The most important thing, however, is to extend the length of time of the election campaign so as to allow public opinion to check out candidates.

Responsible political parties should also jointly adopt the principle of refraining from demagoguery in the election campaign. But is this possible? Despite the efforts of the Polish Primate, this could not be done during the presidential campaign.

#### **Edmund Krasowski—Center Accord**

The Center Accord favored majority-proportional electoral regulations. The chamber, however, decided to adopt the principle of proportionality. It was evident from the mood in the Sejm hall that the attempt to force through our concept had no chance of succeeding.

However, the question of using a threshold and the level of the threshold are still open subjects. In my opinion, the threshold should be quite high, even 10 percent, although such a high threshold will certainly meet with opposition from the small parties. Such a threshold would prevent local demagogues from entering the Sejm and, as the presidential election demonstrated, this is not an unfounded fear.

The presidential campaign also demonstrated that even political authorities may have difficulty obtaining a mandate. It became clear that one's name and merits are of no account in an encounter with demagoguery.

In my opinion, we should draw up a national list (again, according to proportional principles). This list would include people whose absence from political life would bring about great losses. Forty to fifty deputies should be elected in this manner. In order for politicians to be included on this list they would have to collect a specific (high) number of signatures.

#### **Leszek Moczulski—KPN**

The course of the presidential election has no impact on our views on the Sejm electoral regulations. It would be very unfortunate for us to yield to the mood of the day. We are creating electoral regulations which are to last many years. These regulations should be tested under various conditions—during periods of both social tension and calm.

In our opinion, we should begin by electing a constituent assembly. This assembly would then be dissolved after the basic law is passed. The delegates to the assembly should be elected by means of a proportional system, which would ensure that the structure of political forces is reflected as much as possible.

Then the Sejm, which would exclusively perform the legislative function, should be elected according to a proportional system, with the use of a threshold of two to five percent, while the Senate (which would perform a control function) would be elected by majority vote.

While it is true that the presence in the Sejm of many political forces would lengthen the course of legislative work, this presence would also make for better laws.

I do not believe that the KPN [Confederation for an Independent Poland] will find itself outside the parliament if such a threshold is used. In my opinion, we would receive three times as many votes as I received in the presidential elections. People vote differently in parliamentary elections—every vote has its own measurable value. Besides, we will be creating the constitution for many years; therefore, it cannot be subordinated to particularistic party interests.

#### **Andrzej Malanowski—PPS**

Thus far, the PPS [Polish Socialist Party] has come out in favor of a proportional electoral regulations. This position, which was adopted in opposition to a forced majority system, is still subject to discussion.

In my opinion, Poland has too little democratic experience for the adoption of any sort of extreme model to guarantee stability. Neither a proportional system with a large number of parties in parliament nor a majority system will ensure stability. At the stage of creating a democracy, hasty unity is no unity.

Personally, I favor the combination system. Half of the chamber should be elected in single-mandate districts according to a majority system, while the second half of the chamber should be elected proportionally throughout the entire country from party lists. This system makes it possible for society to express diverse political options, while at the same time ensuring indispensable parliamentary stability.

Very democratic electoral regulations of this sort would also diminish the kinds of dangers that arose during the course of the presidential campaign. The electorate, which would have a greater possibility to choose, would



disclose real political options. In my opinion, the votes cast for Tyminski would have been "no" votes.

It is not true that only idiots voted for Tyminski and only postcommunists voted for Cimoszewicz. In my opinion, a portion of our electorate also voted for Cimoszewicz. The use of the combination system in parliamentary elections would have given these people the opportunity to choose between the post-PZPR [Polish United Workers Party] left and the independence left.

#### **Aleksander Luczak, Deputy Chairman of the PSL Deputies Club**

I was the coauthor of and delivered a report to the Sejm on the draft electoral regulations which proposed the introduction of a far-reaching proportional system. I believe that after the presidential election even the strongest supporters of the majority electoral regulations became aware of the fact that implementation of such a law can cause even a relatively major political force to be placed outside the pale of parliamentary political life. Political groups which have something to say should do so in parliament and not on the street.

At the same time, the Tyminski case shows that it is very possible that people who want to play some sort of political role will appear, playing on emotions and making use of demagoguery.

Thus, it is indispensable for us to introduce a threshold in the use of proportional electoral regulations which would prevent the smallest parties from entering into parliament and would protect the stability of the chamber. In my opinion, receiving a minimum of three percent of the vote should be enough for a party to gain parliamentary representation. In this way there would be five or six political parties in the Sejm creating a stable majority.

The next recommendation emanating from the presidential campaign is the need for calm and precise preparation of the electoral regulations in order to avoid the mass of errors which were made when the electoral regulations for the presidential election were drafted. There must also be time for society to discuss the law.

#### **OKP Chairman on Parliamentary Elections**

91EP0211A Warsaw ZYCIE WARSZAWY in Polish  
2 Jan 91 p 3

[Interview with Mieczyslaw Gil, chairman, OKP [Citizens Parliamentary Club], by Andrzej Miklaszewicz; place and date not given: "The Preelection Game"]

[Text] [Miklaszewicz] When can we expect parliamentary elections? In Walesa's camp, there has been talk up to now of rapid elections, but a spring date in Mazowiecki's.

[Gil] The elections can occur no sooner than spring, because time is necessary to pass an election law. And in it will be the specific, binding dates.

I can say what kind of elections I favor. Quick ones, really. This stems not only from the fact that the current arrangement, the stipulated one, does not exist, but also from the fact that free elections are the guarantee of entry into the European Council, a sort of requirement to which we must submit ourselves if we want to be a political and economic partner to Europe.

[Miklaszewicz] But for which political force, in your opinion, would maximum acceleration of the elections be most beneficial? For the pro-Walesa side? For the established Democratic Union? For small parties like the KPN [Confederation for an Independent Poland]? Or perhaps for the uninformed electorate, which may yet change, of Tyminski?

[Gil] Quick elections are necessary above all for Poland. Although identifying this with individual groups and speculating about the political game is possible and must be taken into consideration, generally the point is to include in political life the people who up to now have not participated in that life in any form. The results of the presidential, municipal, and earlier the parliamentary elections show that the group of the politically inactive is large, 40 percent of the public. And, if we look at the age structure of that group, it turns out that it is mostly young people who are not participating in building a democratic Poland. This stagnation cannot continue any longer.

[Miklaszewicz] Parliamentary elections would be one way to stimulate political activity?

[Gil] I believe that all elections fulfill that role. Especially the first completely free ones.

[Miklaszewicz] So which force will dominate parliament during the next term?

[Gil] I am convinced that the Solidarity, pro-Walesa camp will win, although I do not know whether it will be the Center Accord or other groups, and what they will be called. It is still hard to say. Many of today's parties are organizationally weak, and not the best in their platforms, so that numerous mergers and coalitions may emerge. These combinations will occur to the benefit of Walesa's camp, which must receive strong support for making life in Poland dynamic.

[Miklaszewicz] But before the new elections are announced, the current parliament must be dissolved. How? The recently introduced bills shows that many delegates do not intend to agree to shortening the term.

[Gil] One could appeal to their sense of responsibility. Given existing differences and quarrels, this parliament, at the most important moments, has shown that it has a feeling for that responsibility. Will there be a need for the president to use his powers? It seems to me there will not. Although it could be otherwise.

[Miklaszewicz] On what principle will the law be based—majority or proportional?

[Gil] Opinions are divided, regardless of club affiliations. Originally the Sejm declared in favor of proportional rule. This shows that we are in the phase of building political parties, but they are not yet strong and lasting constructions. These parties want proportional elections to give them more opportunities. The Solidarity movement is more in favor of majority rule. I think we will average it out. Because the law must be a mirror in which the political system in Poland sees itself.

[Miklaszewicz] Is it possible to arrive at a common position within the OKP [Citizens Parliamentary Club]?

[Gil] It will be difficult. I cannot conceal that hard times are coming for the club. The biggest threat arises from the operation of ROAD [Citizens Movement-Democratic Action], which is trying to stake out an individual role for itself. But I still hope that the club will fulfill its mission to its conclusion. It would not be good if the public were to see that we were disintegrating at the end of that mission. It would be received badly, not only in the Solidarity camp but in all of society, which has bound its hopes to the OKP.

[Miklaszewicz] What consequences would a breakup of OKP bring?

[Gil] New alliances with remaining forces of the old system would have to emerge. These coalitions would necessarily be for promoting their causes. OKP delegates would have to seek support in the PKLD [Parliamentary Club of the Democratic Left], for example.

[Miklaszewicz] Will the Democratic Union, in your opinion, establish its own parliamentary club? Tadeusz Mazowiecki has avoided answering that question.

[Gil] It appears that some people associated with the union are trying to do that, applying particular pressure on those who remain outside the parliamentary system, and they are somewhat isolated in their action. However, many delegates realize that leaving OKP carries with it clear repercussions in the electorate.

[Miklaszewicz] Would a division in OKP have an effect on the date of the elections or the form of the law?

[Gil] On the date, perhaps not; but on the form of the law, most certainly. Perhaps the union would like to appear as a political party and thus occupy positions in individual regions, place its people beyond Warsaw and Krakow, outside the cities where it has its biggest bases, fill seats in the country.

[Miklaszewicz] In other words for the proportional election formula?

[Gil] Yes.

[Miklaszewicz] What kind of effect might instability in parliament have on the work of the new government?

[Gil] Exactly the point. This government must have support quickly in a stable parliament. That is why quick

elections are necessary. The system that exists most likely will not evince such stability. I say this with all respect for the PKLD delegates, for example, who in the Sejm and on committees work hard on individual statutes, but yet this force in parliament does not now have a political base proportional to the [number of] seats it occupies. On the other hand, the forces outside of parliament advance the argument that the decisions of the young generation's "roundtable" were the most contested. These facts must find a translation.

### Various Right-Wing Positions Examined

91EP0210A Poznan WPROST in Polish No 48,  
2 Dec 90 pp 11-12

[Interview with Tomasz Wolek, founder of POLITYKA POLSKA [new unaffiliated political monthly] and member of the Forum of the Democratic Right, by Boguslaw Mazur; place and date not given: "Straight Talk: Polish Roulette"]

[Text] [Mazur] What do the concepts "right" and "left" mean today?

[Wolek] As far back as three years ago I engaged in an intense polemic with Marcin Krol on the pages of PRZEGLAD KATOLICKI on the subject of the meaning of the existence of the concept "right," for even such a neoconservative as Marcin Krol questioned the validity of the existence of this term. And if this was the case three years ago, then what about even earlier times when communist propaganda caused the right to be associated with obscurantism and reactionism? Recently tremendous changes have occurred in this regard, but that does not make it any easier to answer the question: What are the characteristics of the Polish right?

While espousing the hierarchy of rightist values required at one time a certain moral courage and meant going against the tide, one now observes not only a very welcome renaissance of rightist thought but also a certain superficial fad for rightism. Likewise, the left has become forced into simple schemas and for many, not being a member of the right means being situated in the post-communist camp. Such shallow reasoning creates enormous mystifications, one of which is the conviction that the right has gathered round Lech Walesa and the left has surrounded Tadeusz Mazowiecki. Meanwhile, the Mazowiecki government clearly possesses a rightist character, and rightist and leftist elements may be found on both sides of the presidential battle. What's more, I get the impression that besides the Liberal-Democratic Congress from Gdansk, other rightists of recent vintage and, let me be frank, rightist opportunists have come out on the side of Walesa. They see in rightist mystification an opportunity either to find themselves in the camp of future victors or to obliterate their own often turbid and murky past. Thus, to be a member of the right, it is not enough merely to declare oneself rightist, for, as Aleksander Hall observed, there is the danger that leftist views will be proclaimed under rightist slogans. I am not

depriving anyone of the right to declare himself a rightist, but declarations alone are no longer sufficient at present.

[Mazur] But what sorts of criteria allow us to define who is on the right and who is on the left? There are groups, after all, whose program is rightist in some aspects and extremely leftist in others.

[Wolek] The division into right and left does not exhaust the entire wealth of divisions that occur in society. It is merely one criterion which still has meaning, provided that we do not treat it dogmatically. The attempt to make a literal evaluation of everything based solely on this criterion can lead only to absurdity. We must also keep in mind that there is not only one right, just as there is not only one left. There is an extreme right which is sometimes close to the extreme left. Undoubtedly, this situation is based upon the principle of opposites attracting. The makeup of the electorate of Le Pen, a representative of the extreme French right, for whom a large majority of former communists vote, is such a classic example.

[Mazur] What is the nature of the extreme right in Poland?

[Wolek] It is an extremely liberal right, which approaches that liberalism defined in the United States and Canada by the term libertarianism. Such liberalism is not limited to combating the statism of the state, with which it ought to reconcile itself, but it generally questions the institution of the state. Several of our extreme liberals tend in that direction. There is also the monarchistic right, the chauvinistic right and, finally, the very clerical right, i.e., that right which attempts to draw the Church into the political game orbit, so as to implement more readily its own particularistic goals. Moreover, the clerical right is attempting to terrorize those whose belief differs with its Catholicism.

[Mazur] Basically, what differentiates the moderate right from the extreme right?

[Wolek] When my friends from the Forum of the Democratic Right (FDP) and I speak of the right, we are not speaking of every right or any right. The very name of the FDP contains the distinguishing epithet "democratic," which separates us from the right which is fixated on the past and which believes democracy to be a great evil, a kind of moral putrefaction which made its way to us from the West. We consider such a view of democracy to be absurd, but we do not make democracy into a golden calf either. We believe democracy to be a relativistic value. We treat it in an Anglo-Saxon way, i.e., as a social tool for reaching compromises. So as to separate ourselves from the extreme right, we also define ourselves interchangeably as the center-right. For that is how we can pinpoint ourselves; we do not have a rigid, dogmatic body of ideas beyond which we lose our identity. Rather, we are trying in a modern and pragmatic way to synthesize certain liberal and conservative ideas (conservative in the Anglo-Saxon sense and not in the traditional

sense). Our syntheses are founded upon Christian values as the most universal and humanistic values. And, since you interjected the word "nation," we do not consider ourselves to be nationalists or, for that matter, chauvinists. Nonetheless, we attach importance to the concept of nationalism. In reality, every state has its own nationalistic interest; neither the Americans, the English nor the Germans are ashamed of this. Likewise, the Poles are beginning to understand that the state is the institutional function for the implementation of certain national aspirations. We must not repudiate the concept of the national interest, provided that it is conceived of in a balanced way, not as enmity to other nations but as the harmonizing of our own interests and needs with the interests and needs of others.

[Mazur] In assessing the individual groups, however, would it not serve to make the political scene clearer if we separated the economic criterion from criteria which could conventionally be called national?

[Wolek] Combining these criteria is just one of the possible variants in making this assessment. However, in my opinion, the path to the clarification of the concepts "right" and "left" leads through the concrete testing of programs, for it is no longer enough to say: "I am in favor of a free market" since everyone favors a free market. One must square his views with reality. Let us take, for example, the complex issue of the scope of the participation of foreign capital in our economy. The nationalists and the peasant elements are calling for national assets to be sold off. On the other hand, Lech Walesa himself is even warning about the danger of yielding up the Polish economy to the Americans. Meanwhile, we hold a different position. We believe that we should be happy when this Western capital enters Poland. This does not mean, however, that the term "national interest" thereby loses its significance. Another example: our press needs foreign capital and so the influx of such foreign capital will benefit it. However, we must guard against the sort of situation in which the Hungarians have found themselves; they have no press of their own since Western newspaper firms have bought out all the major titles. These examples show that, at present, every word that is stated as a slogan must be put to a concrete test.

[Mazur] But what do the concepts left and right explain if the FPD has concluded an alliance with ROAD [Citizens Movement-Democratic Action], which claims to be leftist and the Liberal-Democratic Congress, which is very near the FPD ideologically and supported the candidacy of Lech Walesa?

[Wolek] Current political configurations in large part result or, rather, resulted, from election campaign needs. Political acceleration caused competition in the political arena among groups which are frequently akin in many ways. Thus, we cannot exclude the fact that if the electoral steamroller finally rolls by, the next series of ideological, program, and political transformations will follow. On the other hand, in ROAD, which is an



internally diverse group, people from the leftist part of the former KOR [Workers Defense Committee] such as Adam Michnik, Jacek Kuron, or Jan Litynski truly play a major role. Some ardent rightists perceive the world statically. The most important thing for these people is still what Michnik said in the 1960's, and not what he is saying today. My observation, on the other hand, is that these political bodies have undergone a tremendous evolution as a result of their own experiences and thought processes. To be sure, they have preserved their social sensitivity (their term) while at the same time accepting the free market concept. If we view this a bit schematically, we may place them on the right wing of a decent, European social democracy.

[Mazur] And how should the Polish right look? One gets the impression that generally it resides in a world which now only exists in the history textbooks....

[Wolek] Often the understanding of the right is directed back toward tradition and the past. My friends and I are very respectful of tradition, the idea of the nation and the common historical heritage, for they constitute a part of every one of us. However, attempts to define the right by alluding only to ideas from the past are alien to us. While we relate with all due respect to the great historical political currents, the national current, the independence current, the peoples current and the christian democratic current with all due respect, we believe that these are no longer categories which could play a role in the future. We are interested not in recreating the political map of interwar Poland, but in finding an answer to questions about how to coordinate conservative ideas with liberal elements, about determining the relationship between the individual and the state, about determining which type of market economy should be given preference, about defining relations with neighboring nations, and about defining the nature of law. The answers to these questions cannot be determined by the past since we live in a new Poland, a new Europe, and a new world.

## ROMANIA

### Political Potential of 'Civic Alliance' Assessed

91BA0241A Bucharest BARICADA in Romanian  
12 Dec 90 p 5

[Article by Vlad Macri: "What Does the 'Civic Alliance' Want and What Can It Do?"]

[Text] The death of the Romanian civilian society was a reality, Octavian Paler said at the National Conference of the Civic Alliance. "The mistake of many of us was that we didn't understand that. We believed that the historic knot between 1946 and 1990 could be retied." However, collectivization had not yet begun in 1946, the parties counted for a lot in the political arena and the civilian society had not been killed by the totalitarian state. Now we have to start from zero again. The Civic Alliance represents an attempt to crystallize the civilian society which is now just germinating. The first contacts

aimed at establishing a civic forum took place the middle of June. The need for such an initiative in the civic area became evident at the emergence of the Antitotalitarian Forums when it was noted that a good part of the society was not reacting to that attempt to unite the opposition. "We did not think of having the Civic Alliance until Iliescu's fall; we hope it will last for a long, long time. The strength of the Alliance will be reinforced by its refusal to take power. This will be our power and if we state that we will not become a party it is because we want power, but only this kind of power," said Sorin Dumitrescu recalling Havel's "power of the powerless." Its role is to "defuse the strategies of swindle as a political principle" (Victor Frunza). "Swindle" is the legacy of the current regime and one of its forms of manifestation is perpetuating the confusion between country and leadership. "This is the perfidious logic of all totalitarian governments, which claim that criticism leveled at them is the same as attacks on the country. We don't want to destabilize the country, only abuses of power. The Civic Alliance is trying to organize the country's hopes" (O. Paler). So far, however, it has not managed to do that except by mobilizing a certain "attitude" (Mircea Diaconu). The purpose of this national conference was to give concrete shape to and institutionalize this "attitude," thus making it operational.

From an organizational viewpoint it was not a fiasco. The conference elected a steering council made up of 27 members plus representatives of regional branches and a coordinating committee made up of 11 members from among whom a chairman and deputy chairmen will be selected by rotation. But we mustn't forget the social and political context in which this conference was held, namely the month of December, saturated with popular discontent, strikes, and demonstrations against the background of the first anniversary of another, equally troubled December. "As we all know, the street is in despair," Octavian Paler said. The Civic Alliance knows that, too, but the question is, what has it done to offer solutions and means of action?

We must sadly admit that it hasn't done anything. Excessive verbiage is still the sin of the Romanian opposition: protests, appeals, solidarity, and beautiful phrases, but nothing concrete. Marian Munteanu was elected first chairman of the Alliance. That was a nice gesture of solidarity with the students' general strike. But the striking students are waiting for solidarity from the workers, in the hope that a general strike can be called until the resignation of the "emanation." One of the essential roles of the Alliance is to provide the glue for the opposition, to be its catalyst and point of convergence. Glue it couldn't have provided, since it did not manage (if it even tried) to synchronize workers' trade union actions with students' actions. As for being a catalyst, perhaps in the future....

No one wants to risk anything or to get involved. Doina Cornea said that "The Civic Alliance will have to educate people to go toward the parties," to get politically involved. How can one ask the people not to sit on the

fence when the Alliance itself is dominated by the same kind of disassociation? Several lists of proposals for the Steering Council were drawn up; stupefaction: Octavian Paler, Sorin Dumitrescu, Mircea Diaconu, and Vartan Arachelian had withdrawn their names... Out of modesty? Octavian Paler tried to explain the reasons for his lack of involvement: He hadn't read one book in the past year, unfinished manuscripts were piling up on his desk, and what is more, he has no vocation for politics. Mr. Liviu Antonescu's remark was very relevant: No one can be exempted for reasons of "inexperience in politics." The only professional politicians in East Europe are the Communist Party activists. Consequently, politics is conducted by nonpoliticians. Mircea Diaconu and Vartan Arachelian reconsidered their initial decision.

The conference ended on Saturday 15 December and on Sunday the 16th many Alliance representatives talked to residents of Timisoara. Did no one ask them "And what do you do in Bucharest?" Excessive caution and paralyzing fear of initiating actions that the "power" could compromise can be as compromising as reckless boldness.

### Civic Alliance Group Publishes Charter

91BA0251A Bucharest ROMANIA LIBERA  
in Romanian 20 Dec 90 p 5

[Charter of the Civic Alliance]

[Text] Established as a representative body of the Romanian Civil Society, the Civic Alliance intends to be a nongovernmental institution capable of exercising a positive, democratic influence on political decisions in the state. It is founded upon Romania's cultural traditions and the ideas featured in the International Human Rights Declaration, and it acts for the implementation of the principle of participatory democracy for the purpose of allowing each citizen an opportunity to control the decisions that may affect his life.

Thus, the Civic Alliance hopes to rally active and responsible extra-parliamentary forces and to become a home for all those who believe in the values of faith, humanism, and democracy.

Thanks to the spheres it encompasses, the Civic Alliance is capable of supporting any credible alternative that can contribute to pulling the country out of the present crisis.

We believe that the essence of this crisis is primarily mental and thus implicitly moral and that it stems from:

—Forty-five years of communist dictatorship imposed on the Romanian people by a foreign power and concealment of the truth regarding that period. Atheistic communism was a nefarious period of consistent reprisals against the values that sustain and fulfill a civic person.

—Concealment of the truth about the December 1989 Revolution and the social movements that culminated in the tragic events of 13-15 June 1990.

—Deliberate division promoted by government factors after the revolution among workers, students, and intellectuals and among religious and ethnic communities. We call attention to the fact that this typically communist political diversion is also currently practiced in the other East European countries that are endeavoring to eliminate the effects of red totalitarianism.

The most serious effect of this moral crisis is the general feeling of despair that has enveloped all social categories. A nation who had fallen prey to the most loathsome form of communism like the Ceausescu regime can no longer endure lies in any form and for any reason. The moral crisis was exacerbated by the behavior of the current 'power' which, while rejecting dialogue, is perpetuating various forms of intolerance, deceit, hatred, corruption, selfishness, and bad faith. At this time of general disappointment, the Civic Alliance calls on all those who feel responsible for Romania's future, whether in the opposition or in power, in the name of hope and expectation. To help this hope become reality, the Civic Alliance will work for Romania's moral, social, economic, and political reconstruction in the spirit of the following principles:

### Constitutional

1. Choosing a form of government is one of the people's natural rights and the first expression of democracy. It is absolutely necessary that the promised referendum be held before the Constitution is drafted, so that the people and no one else can choose between "constitutional monarchy," "presidential republic," or "parliamentary republic." These three alternatives must be explained to the entire nation in an objective and unbiased spirit through the press, radio, and television.

2. The new Constitution must guarantee the operation of a pluralistic system and respect for the civic rights and freedoms featured in the International Human Rights Declaration. The Alliance believes that it is essential to strictly observe the rights of all minorities, whether national, religious, social, etc. These are rights stemming from the basic need for identity.

3. Real separation of the legislative, executive, and judicial powers in the state and turning the latter into a veritable shield designed to protect the citizen from governmental abuses. A genuine state of law can only be built on the basis of the citizen's empowerment to attack acts that violated his constitutional rights through the judicial system, and on the power of the judicial to monitor the constitutionality of laws and the legality of acts carried out by the executive power, being able even to abolish them when they are abusive.

### Judicial

4. To be able to fulfill its mission as the backbone of state justice and morality, the judicial must be reformed so as to eliminate any relics of communism. For that purpose we need to:

- Adopt the concept of judicial unity, which must be implemented only through court instances and only by magistrates.
- Ensure the permanence (irremovability) of magistrates at all level and have magistrates appointed by the same bodies after rigorous selection.
- Restore the bar system at courts of justice and censor, within the confines of the law, procedural acts issued by the prosecutor. Have all bodies of penal investigation subordinated solely to the bar.
- Eliminate relations of subordination among the institutions that compose the judicial system and the right of the supreme instance to establish universal obligatory practices apt to influence individual acts of justice.
- Remove offenses against the state from the jurisdiction of military courts.

The success of these changes depends on purging the judicial system from persons who served the communist dictatorship either in its nomenklatura or by deliberately pronouncing unjust verdicts.

5. Similarly, to ensure social peace it is necessary to democratize the military structures belonging to the Ministry of National Defense, the Romanian Intelligence Service, and the Interior Ministry in keeping with the criteria listed by the Committee of Action for the Democratization of the Army in its program of principles of February 1990. Among those, the Civic Alliance particularly supports the idea that the Romanian Army is by tradition and must remain by vocation the defender of the people and the homeland. It must stand by the people in every circumstance and must never turn its guns on its brothers, sisters, and parents, its only enemy being a foreign aggressor. Only the elected representatives of the nation, instructed by Parliament, have a right to deploy the army for the country's defense.

The military structure of the above-mentioned institutions must not serve a given party or be used to promote group interests opposed to the interests of the people.

### Economic

6. The Civic Alliance expresses its firm preference for a genuine market economy. The achievement of such an economy requires the following primary and inalienable conditions:

- A radical restructuring of the property system: eliminating the state monopoly in this area, privatization,

and transferring to private ownership the overwhelming majority of the national capital and preserving a state sector only in areas of public interest (transportation, telecommunications, etc.).

- Consecrating and guaranteeing under the Constitution the citizens' right to private property, which is the material basis for individual freedoms and the condition for establishing market mechanisms—the only ones capable of ensuring normal operation of the national economic system.
- Guaranteeing a citizen's right to free economic activities along the line of the principle that "everything that is not forbidden by law is allowed." Supporting and encouraging the entrepreneurial spirit of each individual (tax advantages, credit, etc.).
- Barring the state from directly managing economic units.
- Establishing the institutions through which each of the three markets—commodities, labor force, and capital—operates.
- Adopting legislation against monopolies and ensuring healthy and loyal competition.
- Achieving price liberalization and a convertible leu.

7. In view of the fact that privatization of the state sector is not an end in itself but a means toward an efficient market mechanism, its pursuit must be adjusted to the specific conditions prevailing in each sector and simplistic, rash solutions must be avoided.

8. Radical reform of the banking system and its privatization, which will play an essential role in the establishment of market institutions (commodities markets, stock exchanges, commercial banks, investment institutions, insurance companies, etc.); releasing the National Bank from government control and reorganizing it as a bank for monetary issue and circulation control.

9. Price liberalization as an economic tool must be preceded by extensive privatization, otherwise it represents nothing but a mere price increase that will inevitably spur the inflation spiral. In view of Romania's serious underproduction crisis, inflation can have a dramatic impact on all economic and social areas.

10. Establish organizations designed to ensure employment for the available labor force and unemployment protection and to provide relief for disadvantaged categories of people.

11. Establish a favorable framework for attracting foreign capital investments and managerial competence as a condition for rejuvenating the production apparatus and increasing economic efficiency, while at the same time protecting the national patrimony.

12. The transition from a planned economy to a market economy requires the political will to carry it out. This

type of will characterizes only the truly anticommunist and antitotalitarian social and political forces in Romanian society.

### Social Protection

13. Under social protection the Civic Alliance understands the satisfaction of citizens' following basic needs:

—The need not to feel useless and abandoned by society.

—A feeling that one's personal value, work, and social contribution are recognized and rewarded.

14. These natural aspirations require a coherent and stable system encompassing salaries and unemployment relief, pensions, and medical and accident insurance, health care and legal assistance. Urgent measures are needed.

15. The Civic Alliance intends to cooperate by means of specialized commissions with trade unions, health care institutions, public services, insurance agencies, and charity organizations with a view to contributing to enhancing people's sense of security.

### Mental Reform

16. Aware of the serious alienation of civic consciousness during the communist period, the Civic Alliance attributes to the Church the primary role for the spiritual recovery of the civil person, which may need to begin with a typical Church strategy apt to restore faith in civil values and in the need for civic action.

17. Nations join universal existence and history by means of their culture. 45 years of communism have deeply wounded Romanian culture because of the brutal reversion of the hierarchy of values. The effects of that reversion were perpetuated after the December Revolution. The most obvious example is the Romanian Academy, which has kept on people whose academic titles are not justified by any cultural, scientific, or artistic activities, or who were morally compromised.

18. Reestablishment of an authentic hierarchy of values is the essential premise for the rebirth of Romanian culture and science. For this purpose, the Civic Alliance will support the following objectives by means of permanent specialized commissions:

—Releasing culture from any servitude to the power.

—Restoring banished works and cultural and scientific personalities to our culture.

—Reorganizing the Romanian Academy.

—Seeking appropriate practical solutions to attenuate the effects of the market economy on the public's access to culture. Establishing a Cultural Fund by allocating 0.5 percent of sales tax to such a fund. This fund is to be earmarked for providing material resources for cultural purposes.

19. The communist regime created a handicap for Romanian science primarily by isolating researchers from the international scientific community. Consequently, it is urgently necessary to facilitate the access of people employed in research and design to the international scientific and technological community by:

—Granting scholarships for doctoral and other studies.

—Research practicum.

—Resolving financial and equipment problems by rapidly integrating Romanian research in the international exchange of scientific information.

20. Ensuring authors' ownership and copyright rights over their own artistic and scientific works, and invention or innovation patents.

21. Research activities must be urgently protected.

22. Schools' subordination to the ideological and economic interests of the Communist Party diverted education from its true mission. This diversion produced a general drop in the level of culture, lack of interest in learning, and introduction of nonvalues in the curriculum. The professional and moral status of teachers was seriously affected. Thus, an atmosphere of passivity and indifference descended over Romanian education that will cost us many years from now.

23. We cannot rid ourselves of communism without the help of teachers. The teaching profession must consequently be restored to its natural rights and any tendencies of subordinating it to the 'power' must be eliminated from the education process.

All levels of the educational system must be organized so as to ensure completely equal chances to all children and youth.

24. The state must delegate its decisionmaking authority to the university community which is to operate democratically and in a decentralized fashion. Autonomous university studies must once again become the fundamental principle of organization of Romania's academic teaching.

Being an expression of the civil society, the Civic Alliance does not need to be legitimized by anyone. On the contrary, it is the source of legitimacy, which it offers only to those who are strangers to lies, hatred, corruption, and violence. Now that we are a force we can contribute to:

Founding our history in truth!  
This is our moral duty and  
Only together can we succeed!

Bucharest, 14 December 1990



### Dragan's 'Collaborationist' Activities

91BA0244A Bucharest "22" in Romanian 11 Jan 91  
p 14

[Article by Nicolae Balta: "Iosif Constantin Dragan—From the Career of a Collaborationist"]

[Text] Veteran member of the Iron Guard with residence in Mallorca, Spain; owner of the Butan-Gas company; dean (president) of the Constantin Dragan European Foundation; deputy chairman of the International Marketing Federation [FIM].

**1 July 1971**—Spoke in Timisoara at the International Marketing Seminar (SCINTEIA 2 Jul 1971).

**3 July 1971**—Attended the concluding meeting of the International Marketing Seminar in Timisoara: "On behalf of the FIM, Dr. Constantin Dragan, a native of Romania and vice chairman of the Foundation, conveyed thanks to the Romanian organizers for the conditions provided for the optimal unfolding of the seminar devoted to international economic development." (SCINTEIA 4 Jul 1971, under the title: "Marketing and Promoting International Economic Relations.")

**21 August 1971**—Was received by Nicolae Ceausescu. (SCINTEIA 22 Aug 1971, under the title: "[Persons] Received by Comrade Nicolae Ceausescu;" the item noted that "The State Council President had a cordial talk with the guest.")

**1 September 1971**—Gave an interview on marketing for ROMANIA LIBERA.

**20 January 1972**—Was hosted by Timisoara University and the local branch of the Romanian Marketing Association. (SCINTEIA 21 Jan 1972: "Dr. Iosif Constantin Dragan, deputy chairman of the FIM and member of the Tiberian Academy of Rome, who arrived in our country a few days ago, on Thursday was a guest of the University of Timisoara and the local branch of the Romanian Marketing Association—AROMAR.")

**21 February 1972**—Was received by Nicolae Ceausescu and his wife. (SCINTEIA 22 Feb 1972: "Comrade Nicolae Ceausescu received Dr. Constantin Dragan. On Monday 21 February Comrade Nicolae Ceausescu and Comrade Elena Ceausescu received Dr. Constantin Dragan, a native of Romania, deputy chairman of the FIM, who is visiting our country. The talk held on the occasion proceeded in a cordial atmosphere.") He gave an interview on marketing for SCINTEIA of 25 Feb 1972.

He sent condolences to Nicolae Ceausescu on his father's death (SCINTEIA 27 Apr 1972).

**6 September 1972**—Addressed the conference on Futurology Research in Bucharest (SCINTEIA 7 Sep 1972).

**9 September 1972**—Was received by Paul Niculescu-Mizil (SCINTEIA 10 Sep 1972).

**7 February 1974**—Attended the first National Design Seminar organized by the Romanian Marketing Association. (SCINTEIA 8 Feb 1972: "The participants were also greeted by Constantin Dragan, chairman of the Constantin Dragan European Foundation. He stressed that design has become a concept with which not only professionals should be familiar, but consumers, too.")

**8 February 1974**—Was received by Nicolae Ceausescu. On the same day he gave an interview on marketing for SCINTEIA of 9 February.

**28 April 1974**—Gave an interview for ROMANIA LIBERA.

Became chairman of the International Marketing Federation. On 24 June he opened a FIM Congress in Bucharest. (SCINTEIA 25 Jun 1974: "On behalf of the congress participants, FIM Chairman Dr. Constantin Dragan expressed gratitude to President Nicolae Ceausescu for the special attention given to this international event hosted by Romania's capital city.")

Gave an interview for ROMANIA LIBERA of 29 Jun 1974.

Gave an interview for ROMANIA LIBERA of 27 Jan 1975.

**8 August 1975**—Met with Nicolae Ceausescu (SCINTEIA 9 Aug).

Became chairman of the Italian-Romanian Chamber of Commerce with headquarters in Milan. On 16 October came to Romania at the head of a delegation of businessmen. Had meetings and talks with his Romanian counterpart Roman Moldovan (SCINTEIA 17 Oct).

Met with George Macovescu. (SCINTEIA 18 Oct 1975: "On Friday the delegation of the Italian-Romanian Chamber of Commerce led by Professor Dr. Constantin Dragan was received by Foreign Minister George Macovescu. On that occasion the sides exchanged views on aspects of the Romanian-Italian economic relations and their future.")

**9 September 1976**—Was awarded honorary membership in the Association of Compared History of Romanian Institutions and Law. (SCINTEIA 10 Sep: "A festivity was held at the Association of Romanian scientists on Thursday at which honorary membership in the Association of Compared History of Romanian Institutions and Law was awarded to Constantin Dragan for his noteworthy scientific activities and his efforts to promote acquaintance with Romania in the world.")

**27 January 1977**—Sent birthday congratulations to Nicolae Ceausescu. (SCINTEIA 28 Jan, under the title: "Comrade Nicolae Ceausescu received congratulation cables from:..." "among the senders was also Iosif Constantin Dragan, president of the Dragan European Foundation.")

**19 July 1977**—Was received by Nicolae Ceausescu (SCINTEIA 20 Jul).

**5 May 1978**—Was received by Nicolae Ceausescu (SCINTEIA 6 May).

**15 May 1978**—Attended the opening of the ninth university course on marketing in Baia Mare (SCINTEIA 17 May).

Sent a cable to Nicolae Ceausescu on his birthday anniversary (SCINTEIA 30 Jan 1979).

**28 April 1979**—Spoke at the concluding session of post-graduate marketing management classes (SCINTEIA 29 Apr).

**9 June 1980**—Met with Nicolae Ceausescu (SCINTEIA 17 Mar).

Spoke at the scientific meeting marking the 2,050 anniversary of the Dacian centralized state (SCINTEIA 9 Aug 1980).

Spoke at the international symposium "Scientists and Peace" (SCINTEIA 6 Sep 1981).

**16 March 1982**—Was received by Nicolae Ceausescu (SCINTEIA 17 Mar).

Addressed the symposium "Cantacuzino: The Romanians, Defenders of Europe" in Vienna (SCINTEIA 13 Sep 1983).

Addressed the symposium organized by the Swiss-Romanian Friendship Association of Geneva and Fri-bourg on the topic of Transylvania's unification with Romania (SCINTEIA 3 Dec 1983): "The symposium devoted to the Unification at Chene-Bourg (Geneva) in

the presence of 200 persons (...) gave various personalities (...) an opportunity to honor the Romanian people's centuries-long struggle").

In the end, such consistent activities were duly rewarded: In an article about Ceausescu collaborationism published in PANORAMA (the most prominent Italian weekly) at the end of November 1988 by Bruno Crimi, who was very familiar with Romanian realities, very little space (four-five lines) was devoted to Prof. Dr. Iosif Constantin Dragan and his case. The different context made him appear like a pigmy among giants. The suit recently filed (April 1989) against both the weekly and its editor Bruno Crimi for slander became known in our country, too, thanks to an article printed in ROMANIA LIBERA of 25 October 1990 (signed by Adrian Niculescu of Milan), while a later issue of the same daily reported the results of the action. Under a court decision of Penal Section I of the Tribunal of Milan, Bruno Crimi was acquitted, while Iosif Constantin Dragan was declared an "Iron Guardist, a fascist, and a collaborator of the Ceausescu regime." Among the prosecution's evidence was an article published in CONQUISTE D'IMPERO, Rome, 1942 (eight pages) under the title: "Corporativism and the Legionnaire Doctrine," chock-full with quotations from the "thinking" of Corneliu Zelea Codreanu. In spite of the assistance of new and old friends—for example, the "certificate" issued by the Romanian Embassy in Rome, according to which Iosif Constantin Dragan had never collaborated with the defunct regime (!) the verdict was inescapable. A fitting reward for that kind of career. Although in the last analysis the man who in 1940 was the prefect for Lugoj has nothing to complain about: The successor of his former "collaborator" and friend Nicolae Ceausescu did not hesitate to shake his hand and to "receive" him, thus restoring the thread of interests that must have been too important to be broken by a disreputable and embarrassing past.

## CZECHOSLOVAKIA

### Attitudes Toward Reforms Explored, Tabulated

91CH0299A Prague LIDOVE NOVINY in Czech  
18 Jan 91 p 14

[Article by Marek Boguszak, Association for Independent Social Analysis [AISA]: "Czechoslovak Reform of Czech Reform and/or Slovak Reform"]

[Text] The clarification of federal organization, of the relationship between the national republics, the discussions on authority, etc., in the past year seriously complicated the process of the social, and especially economic transformation of our society. The key words in the political lexicon were national interests, national identity, authentic federation, the necessity for Slovak and Czech nationhood.

The final months of last year showed that underneath the problems labelled by these concepts lay much more serious problems, yet much simpler and understandable. The issue is not one of nationalism or separatism, but one of economics, more precisely of the character, extent, and speed of economic reform and the related negative social consequences. It is an issue of the allocation of financial resources among the republics, of the consequences of conversion, which are more evident in Slovakia, etc.

It was only towards the end of the year that we began to hear explicitly from some political representatives not only the concern for the social consequences of reform in Slovakia, but even that Slovakia needs a "softer" reform, a reform that will not have negative social consequences. The view that the economic reform scenario approved in the summer by the Federal Assembly is not acceptable to the Slovak Republic for social reasons was never officially expressed.

Let us examine the results of research conducted by the Association for Independent Social Analysis [AISA], as to whether there are such clear differences in the attitudes of citizens of the Czech and Slovak republics that these differences could be the basis for a different approach to reform in the two national republics. The answer is yes. These differences were clear even before the parliamentary elections, and many of them became more profound through the summer and the fall. We will summarize them here.

The Slovak public during the past year was far less satisfied with political developments than the Czech public, had a lower level of trust of higher level political institutions, and of their representatives. Likewise, interest in politics was lower in Slovakia than in Bohemia and Moravia.

The key differences are most evident in attitudes to economic and social problems. First of all, citizens of the Slovak Republic do not attach as much importance to economic reform as citizens of the Czech Republic, are

less convinced of the necessity of reform, and of the correctness of the approach being taken. While in Bohemia and Moravia economic reform is task number one, in Slovakia the dominant issue is dealing with the social consequences of the reform.

Respondents in both republics agreed that economic reform will bring a sharp decline in the standard of living, increased unemployment, and a number of other negative social consequences. The difference is in the evaluation of these consequences and the willingness to accept them, as well as in the techniques citizens are willing to use to deal with them.

Agreement with the type of reform projected for Czechoslovakia, and more precisely with its specifics such as privatization, price deregulation, etc., is much lower in Slovakia than in Bohemia and Moravia. In Slovakia fears are more widespread of the social consequences of reform, and therefore to there is a tendency to look at the reform in a strictly negative manner. The Slovak populace puts more importance on social equality, is more opposed than the Czech populace to the appearance of large social differences, tends to oppose the implementation of merit based compensation, and is against the idea that some people may become richer than others (at the same time that getting rich is stated as a personal goal more frequently in Slovakia than in Bohemia and Moravia).

Respondents in Bohemia and in Moravia more frequently placed a positive value on education, work, performance and competence. In Slovakia, on the other hand, a defensive strategy was more prevalent, with an emphasis on saving, modesty, avoidance of conflict, self-sufficiency, etc. The conviction that assuring a good standard of living, employment, and a stable income independent of work performance, etc. are matters for the state is typical rather for Slovakia than for the Czech Republic. Slovak citizens are less willing to take responsibility for their own lives and make sacrifices in the interest of the success of reform. In November the Slovak population, as a minimum income for existence, i.e., one that it is possible to live on, named a figure that was higher than the Czech average, and which even exceeded their own current average wage. The Slovak populace thereby indicated that it has no tolerance for reductions in living standards.

On a range of issues a liberal concept of economics dominated in Bohemia and Moravia, while in Slovakia the dominant orientation was to an economy with socialist elements. Slovak citizens were also more willing to use pressure tactics, such as strikes, to press their demands.

The different historical development of the two republics clearly plays a role in these different attitudes. The rapid industrialization of the previously agricultural Slovakia, and its substantially more rapid overall development, may have given Slovak citizens less of a feeling of lagging behind the rest of the world than that of



citizens of the Czech Republic. For Czech citizens on the other hand the woeful comparison of pre war economic maturity with our current poverty may have resulted in a much more intense feeling that radical change is needed.

No one doubts that the reaction of the general public will be critical to the success of reform, in addition to reaching political agreement on the duration and pace of the reform effort. Public opinion is and will continue to be the main argument in discussions on whether to retain the original concept of reform as full and fundamental change of the entire economic system, or whether to make a gradual and quiet transition to a compromise variant, which is being called the third way.

In addition to the problems with organizing our government as a two member federation, which will arise again in conjunction with the drafting of a constitution, our politicians will face another more serious problem: what to do with the differing social situations in the two national republics. Specifically, whether to "back up," and in the interest of retaining the federation slow down the reform and adapt it to the situation in Slovakia, or whether to forge ahead with the original reform plan.

It can be expected that social conflicts will appear earlier in Slovakia and that they will be more intense than in Bohemia and Moravia. It is probable that there will be substantially more overt resistance to the reform in Slovakia. Pressure for the premature exhaustion of financial resources and their use to moderate social tension without regard for the incurrence of a budget deficit will be high, especially in Slovakia. The tendency to change the reform, or to stop it completely, will be exceptionally strong. This in turn will undoubtedly provoke into action those in the Czech Republic who are inclined to cautious reform (the third way), as well as right wing and separatist elements. Nor can we rule out attempts to use the crisis that may arise for political destabilization. To a large extent these problems will transform themselves into worsened relationships between the two republics, and especially between the Slovak Republic and the federation. This may even take on the form of national conflicts.

There are three building blocks for possible solutions. First, as most of our citizens acknowledge, economic

reform is the only way to prevent the complete collapse of our economy. There is no other realistic solution.

Second, to the extent that the scope and pace of reform fully adapts to public attitudes to its negative social consequences, nothing will be left of the reform. Adaptation would mean, for instance that in Slovakia the standard of living on average would not only not decline, but would even increase. This is clearly impossible.

Third, if Czechoslovakia is to be one country it is not possible for macroregions, demarcated by the borders of national republics, to have diametrically opposed situations, for reform in Slovakia to be fundamentally different, for the social crisis to be much worse in one republic than in another. Tensions stemming from extreme differences would lead to the disintegration of the state.

It is vitally important to confront this problem from the very beginning, and not be afraid to openly identify it and discuss a solution. Reaching a consensus between different political forces on the nature and extent of reform, at the eleventh hour, appears to be a basic condition. This means clarifying positions within Civic Forum, reaching agreement between Czech and Slovak political forces, and especially between Civic Forum and Public Against Violence. Implementing reform will require strong political leadership. If Slovak politicians are forceful in implementing the reform, and only if this is the case, they should receive strong support from the Federal and Czech sides.

Collapse of reform in Slovakia would mean the collapse of reform in Czechoslovakia. The full application of the principle "every man for himself" could lead either to growing social crisis in the Slovak Republic that exceeds tolerable levels, or to a situation where the remaining partners might be confronted in September (or July, or October) with an empty Slovak treasury as a fait accompli that would be very difficult to resolve. There should be no doubt, then, of the vital necessity of redistributing financial resources to Slovakia. The resources should be used, though, to maintain the scope and pace of reform throughout Czechoslovakia and the public in both republics should be fully informed of the use of the funds.

**Differences in Selected Attitudes of the Czech and Slovak Public  
(in percent)**

	Czech Republic	Slovak Republic
Satisfaction with political developments of past year	47	33
Faith in the European Community	72	54
Overall evaluation of personal living situation: happy, somewhat happy	73	52
It is important to get as much education and training as possible	43	28

Differences in Selected Attitudes of the Czech and Slovak Public (Continued)  
(in percent)

	Czech Republic	Slovak Republic
It is important to be on good terms with everyone and to avoid conflicts	38	57
Economic reform means the beginning of questionable economic developments	23	48
Economic reform will prevent total economic ruin	75	57
Economic reform means great social injustice	52	71
Reform should mainly be concerned with preventing a decline in the standard of living	40	58
Private ownership of stores and factories must be expanded	66	42
There should be greater compensation for individual effort and performance	87	63
The state should assume greater responsibility for citizen welfare	34	52
Competition is good, leads to hard work and new ideas	88	74
Readiness to strike if price of basic needs increases too much	41	59
Readiness to strike if there are plans to close employing organization	27	37
Fear that the economic reform will fail	26	42
Fear that reform will allow some people to become very rich	57	67

Source: AISA Research, "Values of Czechoslovak Citizens" (October 1990) and "Czechoslovakia—November 1990"

### Tatra Mountains Joint Venture Creates Controversy

91CH0296A Vienna DIE PRESSE in German 7 Jan 91 p 9

[Article by Charlotte Grabner: "US Firm Wants To Build in Tourist Paradise"]

[Text] Bratislava—The chamois fled a long time ago. Going for a walk in Strbske Pleso, feels more like being on a fairground than in the High Tatras. Now although the tourist hordes have thinned somewhat—regulars from the former GDR prefer to conquer peaks in alpine countries—the chamois are still staying away.

Classless mass tourism and acid rain have ruined the Tatra Massif. Research data from 111 testing stations have shown that "not a single healthy tree" can be found in either the High Tatras or the Low Tatras. A strict ban on building was ordered last year in the romantic Demanovska Valley because nature could no longer cope with the assault of its admirers.

But the tourist infrastructure also suffers from acute symptoms of decay. Even in the lofty hotels only prices suggest a luxury class. Sloppiness rules everywhere: carpets are covered with stains; tablecloths and seat covers are tattooed by glowing cigarettes; waiters fabricate their own price lists.

To put an end to this sorry state of affairs, the Slovak government charged the U.S. firm, Tatra Mountain Corp., with drafting a reconstruction plan. If that plan were to be approved, a Slovak-American stock company would begin the "perestroyka" of the Tatra Massif with the participation of the Tatra Bank, Tatra Tours, Inter-hotel, and Slovakotourist.

The company was founded overseas by shrewd Slovaks who negotiated a lucrative contract with a Slovak government delegation when it visited New Hampshire. Accordingly, all rights relating to "the use, lease, and sale of all properties" would be conveyed to the Tatra Mountain Corp., as well as the right to manage the buildings for 40 years and the land for 50 years. The deal was kept secret at first. When the contract was leaked to some Slovak journalists at the beginning of December, there was an outcry by the media. So much controversy surrounded the "sellout of a national treasure" that Deputy Prime Minister Josef Kucerak quickly held a press conference and admitted the government's plans; without, however, revealing details of the contract.

### National Park With Strict Rules

The president of the Tatra Mountain Corp., Gerald Vecchione, who quickly arrived by plane, put his foot in it; he had been unaware that the entire massif was a national park with correspondingly strict rules. It didn't

help that Vecchione promised to provide "a qualitatively different type of tourism." The press conference ended on highly jarring notes.

Since then the mood has remained agitated. While such papers as PRACE or PRAVDA complain bitterly about a pact suggestive of a "banana republic," others are whispering about a "Tatra-Gate" and suggest that, maybe, the secrecy had something to do with collecting tips....

In any case, the Green Party and the Slovak Association for the Protection of Nature and the Landscape have asked Prime Minister Vladimir Meciar to put an end to "the secretiveness and the monopolism." The environmentalists demand disclosure of the wording of the contract. Mikulas Huba, a Green parliamentarian, has already raised an urgent question in parliament.

The Greens are particularly annoyed that none of the many local experts who have been concerned with this problem for a long time was consulted. These experts, the ecologists maintain, would at least know the intricacies of local laws and, therefore, would not dare such an inappropriate approach.

"The Tatra is and will remain Slovak." With these words Prime Minister Meciar tried to calm the waters—but to no avail. People are afraid that the Tatra Massif will be reconfigured into a mountain Disneyland. The Tatra Mountain Corp. not only wants to create new hotels and casinos, but also artificial caves, to attract, especially, American tourists. In any case, the Slovak government, by the terms of the contract, promises to be generous in granting special dispensations.

When the contract was signed, Bratislava was probably not too concerned about "the aesthetic union of environmental protection and tourism" (Meciar). Today, the "gentle" tourism in the nature parks of New Hampshire accounts for an annual turnover of \$2.5 billion, even though, according to the Tatra Mountain Corp., nature did not look any better there 20 years ago than it does today in the Tatra.

Deputy Prime Minister Kucerak will be busy for some time defending himself against accusations of having accepted money.

## HUNGARY

### New Energy Prospects' Overview Published

91CH0192B Budapest HETI VILAGGAZDASAG  
in Hungarian 10 Nov 90 pp 4-6

[Article by Gabor Szabo: "Oil, Gas, Electricity Prospects: The Law of Energy Shortages"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] There is no doubt there will be fuel this winter to heat the homes in Hungary and to fill the tanks of motor vehicles. If the internal conflicts of our "big neighbor"

do not intensify to the extreme, perhaps our remaining lights will not go out, either. However, in the near future higher energy prices (including higher gasoline prices) can hardly be avoided and our present one-sided dependence on the Soviet Union could cause much uncertainty in our supply.

The outcome of the natural gas negotiations with the Soviet Union is yet unknown, but at least they have started. There is no news of what petroleum imports we can expect next year. The Soviet Union has revoked its earlier promises and has not made any new ones. The talks on electricity have not even started, despite urgings by both the government and the Hungarian Power Plants Trust.

A single country, the fraternal Soviet Union of not so long ago, will be supplying 85 percent of Hungary's energy imports this year. At the beginning of this year insiders were expecting 95 percent, but by now everyone can feel the enormous problems that even this slight shift is creating. So far this year, however, the Soviet partner has cut back deliveries only of oil (and gasoline), the one form of energy where the cutback can be replaced the most readily by deliveries from other sources. The extent of the dropout is the same as Hungary's output: 2.0 million metric tons. The Soviet Union has cut back the 6.5 million metric tons it had promised and contracted to deliver through the end of this year, to 4.5 million metric tons (and the gasoline deliveries, from 320,000 to 206,000 metric tons). Admittedly, at that memorable and fateful meeting of the Council for the Reconciliation of Interests, Janos Palotas did offer publicly the employers' help "in enabling the government to buy oil when its price is \$26 a barrel, rather than when it will be \$40." But a person whose pockets are empty will obviously postpone buying as long as possible.

"We are the ministries' correspondence course." That is how a manager of the National Petroleum and Gas Industry Trust (OKGT) characterized the red tape in conjunction with the licensing of oil imports. How can the trust choose the sources of supply that offer oil at the lowest price, he asked, when even today, amidst the debates on liberalization, "it takes just as long to obtain an import license as it did two years ago?" Just a week ago (HETI VILAGGAZDASAG, 3 Nov 90) the minister of foreign affairs was still confident about receiving 5.1 million metric tons of oil imports from the Soviet Union this year, as opposed to the 4.5 million metric tons that can actually be expected. Perhaps this optimism on the part of the government explains why import licenses have been issued for only 600,000 metric tons of oil for the time being, whereas experts were of the opinion that 800,000 metric tons should be purchased, in addition to the 938,000 metric tons purchased so far from the Near East, to make up for the cutback in Soviet deliveries. The 600,000 metric tons include 300,000 metric tons which is due to arrive from somewhere in the Soviet Union to be paid in dollars; and 200,000 metric tons from Soviet Bashkiriya, in exchange for light-industry products, under a barter agreement that a Hungarian foreign-trade

delegation signed in Moscow last week. Although it has given the low stock levels of gasoline as the reason for the sudden price increase that erupted in civil disobedience, the government has not been in a hurry to put in place the specific financial conditions (state guarantees of payment) for oil imports. For example, the government provided such guarantees only late last week for the remaining 100,000 metric tons of the licensed oil imports.

Thus, oil imports and the country's gasoline and fuel-oil supply presently depend not on the pipelines or a shortage of oil on the market, but on the monetary resources needed to purchase oil. According to the experience to date, the money has always been provided, although desparately and at the very last minute. Of course, it would hardly be right to let it pass without a word, and to regard as something natural, the fact that the Soviet Union is defaulting on the obligations it assumed earlier in an international agreement and is now supplying much less oil than what it promised to deliver. With the changeover to accepting convertible currencies, perhaps also the ridiculous CEMA [Council of Mutual Economic Assistance] practice that no penalties, or merely ridiculously small ones, can be claimed for breach of contract will cease.

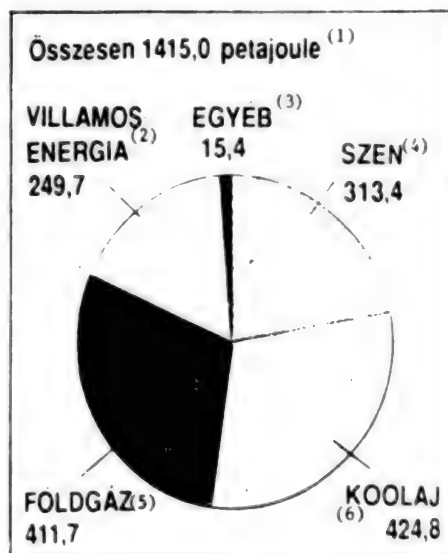
The situation with regard to natural gas is slightly different than in the case of petroleum: In the end, all but 0.2 billion cubic meters of the 6.29 billion that the Soviet Union has pledged to supply in 1990 are expected to be delivered. In addition to the 5.0 billion cubic meters produced domestically this year, Hungary is able to import natural gas only from the Soviet Union (and in principle from Romania, if that country were to have a surplus available for export), because the gas pipelines from other provenances exist merely on paper. There are two kinds of reserve that the experts can tap if the situation in the supply of natural gas becomes critical: Domestic production can be increased by between 6 and 8 percent if necessary, and in the short term the natural gas stored underground can be made available. At the end of October, the stocks of natural gas stored underground totaled 1.74 billion cubic meters. When the temperature drops below -6° C, the installations in industry and at thermal power plants that can operate on either natural gas or fuel oil are switched to fuel oil, and the stocks of fuel oil kept in reserve for this purpose are sufficient for more than 30 days. If the demand for natural gas is still higher than the available daily supply, a further reduction of the demand can be achieved through cuts for industrial customers. But that is a very expensive solution and, fortunately, we did not have to resort to it in recent years. According to the "gas law," cuts in supplying households are prohibited, but if import becomes clogged and the natural gas stored underground runs out, then of course...

For the time being, we have an oral promise from the Soviet Union to deliver 5.2 billion cubic meters of natural gas next year, but at the talks held last week, the Soviet foreign-trade enterprise concerned was unwilling

to put that in writing. Incidentally, the domestic demand for imported natural gas is greater: 6.0 billion cubic meters. Of the promised Soviet deliveries, experts are "certain" of the 4.3 billion cubic meters of natural gas to which Hungary is entitled for its participation in the Yamburg and Orenburg investment projects. As a matter of fact, the talks so far on energy imports have not been held directly between producers and users; and it provides food for thought that Janos Palotas, who has offered to help the government, allegedly contacted the Soviet Embassy in Budapest last week, instead of being in touch with an enterprise in the Soviet Union.

Regarding the situation in the supply of electricity, the Soviet Union began to cut back power transmission on 10 October. From then on until we went to press, the cutbacks reached 20 percent of the domestic peak demand on three days and exceed 10 percent practically everyday. In spite of this, we did not have to order emergency power cuts, but we did have to mobilize all available reserves. Thus, the Hungarian power system did have standby capacity, and the indications are that it is possible to import power from elsewhere even in such tight situations. In the so-called insular operating mode, that is, by switching a proportion of the domestic customers to the West European power grid—Austria and Yugoslavia can make available up to 300 and 200 megawatts of capacity respectively to the Hungarian Power Plants Trust.

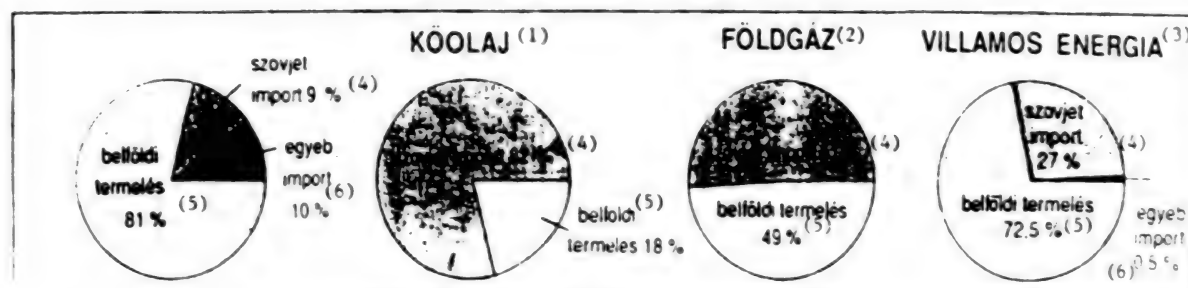
Breakdown of Hungary's 1989 Energy Consumption by Sources of Energy



Key:

1. Total, petajoules
2. Electricity
3. Other
4. Coal
5. Natural gas
6. Petroleum





## Key:

1. Petroleum
2. Natural gas
3. Electricity
4. Soviet imports
5. Domestic production
6. Other imports

In addition, 600 megawatts of capacity would be available from Czechoslovakia. Incidentally, that route is also suitable for transmitting the power that Germany and France have offered. That is to say, the eastern part of Germany will remain linked to the CEMA unified power grid, presumably for another year or two, and surplus generating capacity is available in the former GDR because of the recession. Still it is important to note that the foreign offers to supply electric power are by no means some sort of charitable aid. We will have to pay the market price for it. Like in the case of the "gasoline aid," for which we would have had to pay even more than the average market price—perhaps because of the very urgency, that is what the market customarily charges—had the deal not fallen through. Hungary gets power from Austria for the time being only in the case of temporary difficulties of short duration, and the power has to be repaid as soon as convenient. From all of this, it follows that power cuts for the industry would be unavoidable if during severe cold spells this winter the entire 1850 megawatts of peak capacity imported from the Soviet Union were to drop out.

Naturally, the possible collapse of the Soviet political and economic systems would affect Hungary's energy situation in both the short and the long term. But this statement also raises a question: Would compulsory curbs on energy consumption be so harmful for Hungary? There undoubtedly are chemical and metallurgical enterprises which, with 1.0 forint of energy input, produce only between 0.20 and 0.60 forint of added value, and by one estimate, Hungary's bill for energy imports next year will be between \$2.5 and \$3.0 billion (more than a quarter of total import). However, statistics also show that it is not the per capita consumption of energy that is high in Hungary, but rather the national product per unit of energy that is small. A prerequisite for higher productivity and structural change is that there be no shortage of energy, and that the players in the economy

pay the actual price for energy, which includes also the costs of environmental protection.

## POLAND

## UK Telecommunications Firm To Open in Gdansk

91EP0183C Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
10 Dec 90 p 1

[Article by Krzysztof Szczesniak: "The First Operator: Cable and Wireless in Gdansk"]

[Text] Cable and Wireless. Behind this name, little known to Poles, is a private company with annual sales of nearly \$5 billion. This firm will set up and implement a modern telecommunications network in the Gdansk region. And so we already know who in Poland will be the first Western so-called operator of the network, i.e., the competitor for the monopoly held to date by the postal service.

Last week an agreement was signed by Jerzy Slezak, communications minister, during a visit he paid to Great Britain at the invitation of British Minister of Trade and Industry Peter Lilliy. During the course of talks, an exchange of specialists in the field of radiocommunications as well as training and assistance to deregulate telecommunications services and management were agreed upon. In addition to these very important matters, we will obtain aid from the British know-how fund for the projected restructuring and privatization of the entire communications sphere. On the European continent this has been done successfully only in England and today, thanks to privatization, telecommunications services there are the cheapest. Perhaps Poland will be next....

Meanwhile, to return to the matter of Cable and Wireless (C&W for short), Gdansk, and the signed Memorandum of Understanding, Britain made a commitment to lease to the PPTT [Polish Posts, Telegraphs and Telephones] and to install in Gdansk a modern automatic, digital, 100 bilateral-circuit phone exchange. This exchange will make possible unhindered telephone communication with the entire world. Practically speaking, the two available possibilities are satellite-aided telephone communication or telephone communication using the already developed Komertel network. Analyses will determine which route is to be chosen. In addition to this, 14 public telephones using a magnetic card as well as six publicly available fax machines will be installed in Gdansk. These two services will make possible a quick connection with any point on the globe. The date by which these facilities will be available is also impressive: three months from the date of the communications minister's final approval.

On the basis of a separate agreement, over the next three to four years, a separate network for business will be constructed to render high-quality service to 33,000 clients. Meanwhile, over a seven to 10 year period, an integrated network will be able to serve 450,000 subscribers, both business and private.

Obviously, all of the above periods are calculated from the point at which the communications minister grants final approval. At present, since there is no law on communications, such approval cannot be granted. Meanwhile, from the present standpoint it appears that such a law can take effect on 1 July 1991 at the earliest.

The successful implementation of these plans is also contingent upon C&W's receiving a 25-year license to utilize and manage the network in cooperation with national and regional operators. The ultimate goal is to develop the network to the level of services currently available within the EEC's domain.

If we total up all of the projects discussed in this article, their combined worth at the present time is approximately \$500 billion. We would not be able to scrape up this amount ourselves, never mind our lack of technology and skill in this area. England will invest \$500 billion and it will draw profits for 25 years, in turn sharing these profits with other Polish partners and the state. This is the world philosophy today for good and cheap communications, of which Gdansk will have the first taste.

#### **Talks Opened With Turkish Construction Firms**

91EP0183A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 10 Dec 90 p 1

[Article by A.Z.: "Construction Cooperation With Turkey"]

[Text] At the request of the National Construction Information Center, Dogan Hasol, president of the International Union of Building Centers (UICB), the world

union of information centers in construction, paid a brief visit to Poland. Before becoming president of the UICB, Hasol had been president and vice president of the Turkish Construction Materials Producers Bureau for many years. The program for his visit to Poland also included a visit to the Construction Industrial-Trade Producers Bureau and the Construction Products Sellers Bureau.

Here is what Hasol told the *RZECZPOSPOLITA* journalist following his visit: "This meeting was very important to me. There ought to be close cooperation between Poland and Turkey in the construction field. Our self-government organizations can propose to their Polish partners the same kind of successful contacts as they have, for example, with Finland.

"We could embark upon joint efforts with the Poles in Third World markets, for example, in the countries of the Near East or North Africa, as well as in the Soviet Union, which is currently the most interesting investment market. We could do this by combining Polish materials with our labor and vice versa.

"Next year a group of Turkish manufacturers of construction materials interested in cooperation with Polish manufacturers of the same will come to Poland. Then, in turn, we would like to host Polish specialists beyond the Bosphorus in the second part of the year.

"I am of the opinion that the best contacts are those which are effected directly between producers or between self-governing economic organizations."

#### **Foreign Credits for Steel Plants Viewed**

91EP0183B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 7 Dec 90 p 11

[Article by Ewa Zychowicz: "Modernization Credits"]

[Text] The government's preferential list for granting foreign credits includes modernization drafts within the framework of so-called sectoral programs. The plan is for the government to present its projection for modernizing those economic sectors that are the most energy intensive, adapting them to world standards, both from a technological viewpoint and from an institutional point of view. Sectoral programs are just being developed, but it is already known today that one of the fields which is most in need of financial help, and thus of foreign credits, is ferrous metallurgy.

On Thursday, 6 December 1990, the most recent in a series of meetings was held at the Central Planning Administration [CUP] to deal with the problem discussed above, which lies within the domain of the Credit Recommendations Qualifying Commission [KKWK]. The task of this commission was to issue opinions regarding investment drafts presented to it previously by the management of the Katowice Steelworks and the Sendzimir Steelworks in Krakow. In both cases it is a

question of granting \$80 million in credit to improve operating efficiency and the attainment of technological progress.

The backwardness of this economic sector is based on the fact that for many years we invested only in the raw materials sphere of steelworks to the neglect of the modern technologies which make possible the so-called continuous casting of steel generally used worldwide, a process which is energy efficient and ushers in organizational order at steelworks. In Poland only six percent of production utilizes this method. Thus, modernization credits are the "to be or not to be" of Polish metallurgy.

We also cannot ignore ecological issues. Such issues are very neglected in Poland and they affect our dealings with potential creditors, who attach enormous importance to this aspect of the matter.

Western banks are consenting to grant us credit. They are requiring guarantees from the Polish Trade Bank, until now the only bank that has obtained the authorization to offer foreign exchange credit. Frequently they also require guarantees from the Ministry of Finance. In the present situation, however, it is extremely rare for such guarantees to be obtained because the procedure for granting these guarantees has not been worked out in full even though some funding has been provided in the budget.

At the beginning of next week, Karol Szwarc, secretary of state in the CUP, will conduct talks with representatives of the Hermes guaranteeing institution, which has agreed to mediate in the granting of credit for both of our steelworks. Hence, it was extremely vital for a positive opinion to be rendered concerning the advisability of granting these credits.

The KKWK, taking into account economic results and financial capabilities of the Katowice Steelworks, made a positive assessment of its credit application, but it decided to defer a decision regarding the Sendzimir Steelworks. The KKWK noted procedural violations with regard to programs for improving the ecological situation. The Sendzimir Steelworks did not fully define the level of environmental pollutants. The enormous cost of permanent ecological capital-spending projects may threaten the timely repayment of credit granted to modernize the steelworks.

After the meeting ended, journalists were told that the commission members are fully aware that all of the sides taking part in these complex procedures aimed at granting credit are just learning the most effective approach. Polish and foreign banks are learning mutual cooperation, the commission is trying to improve methods for eliminating credit obstacles for enterprises which need credit, and the enterprises themselves must work toward documenting and defining their own needs more efficiently and with greater precision.

### Foreign Investment Needed for Road Construction

91EP0183D Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
8-9 Dec 90 p 1

[Article by Krzysztof Szczesniak: "No Money for Super-highways"]

[Text] Both road workers and the whole road-construction industry are truly in an unenviable position. Less than two years ago, one km of superhighway could be built for 2 billion zlotys (which at the time was an astronomical sum). Today, 25-30 billion zlotys must be invested to build this same section of highway.

Meanwhile, State Treasury funds for highway construction and maintenance have shrunk, or rather, prices have skyrocketed to such a degree that there is only enough money to do very little. For example, in 1990 the road-construction industry received 3.5 trillion zlotys from the State Budget. Of this, 1.75 trillion zlotys were earmarked for capital repairs, 1.5 trillion zlotys were slated for current maintenance (summer and winter), and only 227 billion zlotys were for capital spending. This amount was enough to complete less than 60 percent of what was done in 1988, which was, it seems, the best year during the entire past decade.

It is no wonder, then, that road-construction enterprises are complaining of a lack of activity resulting, obviously, from the lack of the influx of money.

How, then, will next year shape up? Based on preliminary information, in 1991 the government wants (or rather, is able) to designate 4.4 trillion zlotys for road-construction industry needs, of which 413 billion zlotys will be earmarked for capital spending projects. Thus, the total is higher, but if we take into account projected inflation, it appears that this sum will merely enable us to get by from January to December, pretending that something is being done, but nothing more.

This year, 2,500 km of capital road repairs were planned and were actually completed (in 1988 total repairs were made to 4,700 km of road, which was half of the total repairs needed). Meanwhile, it will be possible to repair 2,200 km of road next year. As for capital spending projects, this year 18 km of the Chrzanow-Myslowice highway were put into service, and 16 km of express highway along with half a bridge in Zakroczym on the Warsaw-Plonsk route, a bridge in Deblin, and a one-directional section of the Wroclaw-Opole highway [were completed].

And next year? Unfortunately, the word at the Public Roads General Directorate is that there will be no money at all for highways. This is certainly somewhat of an exaggeration, since there never has been any money for highways and it has always been possible to juggle the funds around so that this stretch or that stretch of highway could be constructed.

Thus, if we ignore the matter of funding and focus upon indispensable needs, then we are told that certainly we must continue the Konin bypass along the A-2 superhighway. Similarly, construction of the eastern portion of the Lodz bypass that runs from Tuszyn to Strykow must be continued, if only a kilometer at a time. And further, the construction of a bridge in Torun must be begun, for in a year or two it may turn out that the present bridge will have to be shut down for safety reasons. The list of priorities also includes the Obornicki junction in Poznan along highway A-2, the Krakow-Katowice A-4 superhighway, and a section on the same highway that runs in the direction of Opole.

Thus, it is no wonder that in this difficult situation, the proposals presented to us by the West are cause for hope. The Japanese are interested in building a 150-km section of tollway from Gdansk to Torun to be known as A-1, or the so-called north-east route. Talks have already been conducted at the government level and now we are waiting for a final answer. It would be tactless to rush anyone, but in this case if a reply comes next year, after the budget is approved, it will be extremely difficult to find the funding to purchase the land for this superhighway and everything will be delayed by a year.

The French SAE consortium is considering building a Swiecko-Poznan-Warsaw superhighway, but this offer is merely a preliminary one right now.

As for American capital, it asked first which Polish road gets the most traffic and will be used most in the future. The reply was the A-4 (Wroclaw-Krakow-Przemysl route). An offer was made regarding this route; it is to be specified precisely in the next few days. Thus, we may conclude that for the present, everything is going well. The Germans were also interested in this superhighway, but of late they are thinking more and more of investing their capital in express Highway No.3 along the Odra (Swinoujscie-Jelenia Gora).

Finally, in conclusion we should also mention the New York firm AKA, which was also interested in Highway No. 3 and made an offer. Whether anything will come of this, however, will depend upon financial negotiations.

In a word, everything is still uncertain as far as foreign capital is concerned. Perhaps it will want to invest in Poland and perhaps it will not. The wait-and-see situation continues.

### **Economists Favor Rapid Privatization Formula**

91EP0198A Warsaw KONFRONTACJE in Polish  
No 12, Dec 90 pp 20-21

[Article compiled by Andrzej W. Halicki that describes the program of ownership transformation elaborated by Dr. Janusz Lewandowski and Dr. Jan Szomburg, economists with Liberal-Democratic Congress: "A Privatization Decalogue"]

[Text]

### **1. Understanding and Social Acceptance**

The variant of ownership changes that is implemented must receive the necessary range of understanding and acceptance on the part of society. Social support should grow out of the understanding of the goals and interests of all groups. Of particular importance is balance in the arrangement between the aroused interests of the work forces and the managements, as well as the interests of private domestic enterprise and all citizens (which at the moment are passive observers of the privatization debate). The basic concept for obtaining the interest of all these groups is universal ownership, i.e., citizens stockholding (a concept diametrically different from the promoted employees-stockholders option plan which gives preference to the work forces of prospering enterprises). It is based on giving all citizens an equal chance at ownership, and in addition to the political and ethical dimension, this principle also has an economic dimension. The creation of a new, private economy cannot take place at the expense of a state economy, or be based on the apparatus of the former nomenklatura. What is essential, however, is the creation of active investor-owners. The strategy of privatization, therefore, should embody a combination of regulations and universal opportunities (addressed to everyone in general) and opportunities addressed selectively (to native entrepreneurs, who will receive an additional incentive to develop, or to work forces, in exchange for giving up the self-management prerogatives won in 1981). A legitimized majority employees-stockholding option plan would be a false political step and an unworkable economic solution.

### **2. Antirecession Thinking—Emphasis on Small Privatization**

In making ownership changes, those methods of privatization should be considered which are directly productive economically and promise rapid supply results. It is essential that the idea of privatization be linked with restructuring. Most promising, from this standpoint, is the so-called small privatization, i.e., selling to individual purchasers (who want to adapt their production to market requirements). The total effect of such actions should bring about a revitalization of the labor market and increased satisfaction on the part of the consumers. The creation of regional privatization agencies and a consulting network, which would assist the Ministry of Ownership Transformations, is indispensable. Small enterprises and commercial-service organizations should be given absolute preference. The entire restructuring of private-ownership laws should take 18 months, two years at most.

### **3. Opportunities for Restructuring—Caution With Privatization of Capital**

Privatization should not harm restructuring through a rapid absorption by the budget resources of private capital. Draining the capital market simply to transfer ownership rights (sales of large enterprises) makes no



sense and even limits the possibility of carrying out the restructuring process. The danger appears that funds obtained from privatization through the budget may become the object of political bargaining and a pretext to soften up the financial system (the 13 July 1990 law holds the Sejm responsible for redistributing income from sales of state assets). Privatization of a capital nature makes economic sense only when it offers additional advantages—establishing active owners [passage illegible] who can assume effective control of the firm.

#### 4. Role of Privatization Certificates

Privatization certificates are a specific substitute for investment money, created by the state to stimulate privatization demand. The proposal of the possibility of exchanging certificates for bonds and stocks in secondary issuances (as provided by the Law on the Privatization of State Enterprises—Article 25, Paragraph 2) is a misconception.

In using privatization certificates it is essential that the rule of limiting investment risk be observed. This operation should begin, therefore, with selecting 500 large and medium-size enterprises (good ones) priced on one common list. The minimum annual value of a certificate for one citizen should be 3 million zlotys. These would be registered certificates, not subject to sale, constituting only a means of payment for stocks or shares in joint investment societies [TWI] (mutual funds). These institutions would be intermediaries on the capital market, relieving the citizens of the task of making decisions in the purchase of described stocks of various enterprises, reducing the investment risk. The mutual funds would own a block of stock and represent their dispersed shareholders. The process of establishing a network of mutual funds should not take longer than two years. The main problem connected with the use of privatization certificates is the question of keeping the organizational and technical costs of this endeavor within reasonable limits.

#### 5. Creating Active Owners—Strategic Investors

Privatization certificates should generally solve the problem of privatization demand, but questions about control over the boards of the enterprises arise. They would be less important if a developed, self-controlling capital market existed. But the need to establish active owners, assuming, by a majority, effective control over an enterprise, is more realistic and adequate for Polish conditions. The use of diverse privatization methods is advisable. For example, this may be a condition that 20 percent of the stock must be purchased in cash (with the rest purchased and paid in instalments). As compensation for the assumption of active capital control from the outside, it is anticipated that approximately five percent of the stock will be distributed to the work force without payment (maximum 12-months' pay). Purchase on credit from the work force and management is also permitted on condition that a minimum of 20 percent of

the stock is purchased. A certain number of the enterprises should be sold only partially (e.g., 30 percent), to active investors, and the remaining State Treasury shares would be frozen (e.g., for six years) with the possibility of preemption by existing investors.

In addition to promoting active investors within the framework of the primary stock market, promotion should also be conducted through a secondary market. Free purchase and sales of certificates would immediately bring about their concentration. This concentration has to be more extended in time—the equal opportunity policy requires this. The process of distributing certificates will not immediately create a broad middle strata, although undoubtedly it will help form it more quickly. It should be remembered that these actions will also be accompanied by the process of the reprivatization of assets nationalized after the war, and a certain share of foreign capital in the purchasing of stock.

#### 6. Commercialization of Enterprises—The Managerial Option

There are about 8,000 state enterprises in Poland, therefore the process of privatization, even with the wide use of certificates, must take a few years. It is essential to apply a temporary solution to make state economy more efficient. This is the commercialization of state enterprises, interpreted to mean the transformation of enterprises into one-person State Treasury companies, which sets up a new structure of authority in the enterprise. This move means that the influence of the work force on management is reduced and the authority of self-management is eliminated. In exchange, a participatory element appears in the form of a share in the supervisory council, on the order of one-third of its composition. The best economic solution is to give preference in the new arrangements to the group described as management (members of the supervisory council), for without strong motivation and a system of incentives for this group the commercialization of enterprises may not succeed. The interests of the management should be connected with the long-term interest of the enterprise. This group could receive, for example, a real opportunity to obtain property in the form of stock, without the ability to turn it over for a period of five years. To supplement such a system of motivation, the state, as the official and current owner, would limit its own decisionmaking authority.

In order for commercialization of enterprises to obtain social acceptance, it is essential that management not come from the former nomenklatura and also that the dimensions of social privilege not be exaggerated. Therefore, the persons on the supervisory councils should be chosen openly through the intermediation of foreign and domestic consultation firms. This selection should produce people with the relatively highest qualifications, without any kind of political criteria. The result, therefore, would be a positive selection of the former nomenklatura and, on the other hand, an influx of new candidates with desirable personal characteristics.

### 7. Mutual Funds—A Method of Indirect Enfranchisement and the Commercialization of Large Industry

Commercialization oriented towards management is a solution for medium-size enterprises. Large industry consists of approximately 200 enterprises, whose total sold production amounts to about 37 percent of the total sold production in Polish industry. Therefore, the concept that these enterprises be turned over to a group of several institutional investors, such as the mutual funds established at the central level, appears to be a good one. The majority of the stock would remain in the hands of the State Treasury, but the state would voluntarily surrender a large portion of its decisionmaking rights connected with ownership (influence on the supervisory councils), retaining only a deciding vote on strategic matters (decision to privatize, to enter into joint ventures, etc.). In sum, the mutual funds (various) would obtain up to 25 percent of the stock of an enterprise, and the sole owners of the mutual funds would be all Polish citizens, who would become the owners of stock of various values. Therefore, everyone would have an opportunity to participate indirectly in the dividends of large industry. Western experts, on the other hand, would participate in the management of the mutual funds.

It seems that use of mutual funds in the process of the privatization of large industry is, under the conditions of a postcommunist country, a more effective and more attractive form than privatization conducted through holding companies and privatization societies (institutions designed to be temporary). The achievement of decentralization in the privatization process is also an important result.

### 8. Selection of Enterprises Instead of Price Appraisals

Poland's situation under postcommunist conditions makes it necessary to use various approaches in putting a price on enterprises. Appraisal should be conducted most scrupulously in relation to foreign investors, and also to Polish investors where privatization is of a capital nature (in most cases this will pertain to small enterprises).

In the case of large and medium enterprises, pricing should be in a simplified form so that it does not constitute an obstacle in the rapid conduct of this operation. The benefits derived from rapid privatization will more than compensate for possible losses stemming from the absence of the detailed property appraisal applied according to Western methods.

### 9. Pluralism of Methods and the Debureaucratization of Privatization

German and Hungarian experience speaks in favor of a multitrack privatization strategy. There is no universal method. Each of the described methods may be only one of many.

The necessity of privatizing banks and insurance societies whose structures, inherited from the Polish People's Republic, is becoming a bottleneck in the process of setting up a market economy, is a separate problem. There is an urgent need to solve the problem of ownership rights affecting land, and ownership rights in the cooperative sector need to be improved. Ownership changes should be based on imitating successful empirical models. It is important also that the incapacity of the Ministry of Ownership Transformations not limit the tempo of privatization in Poland (hence the particular pressure on giving special rights to mutual funds and setting up regional privatization agencies).

### 10. Place for Self-Correction

The privatization of postcommunist economies will be a trial and error learning process. Most of the risks are contained in the previously described unconventional methods of privatization (certificates). The pluralism of methods makes it possible to distance the danger of making a global mistake, and the concept presented permits the activation, as fully as possible, of all available resources: financial capital, capital of human skills and capabilities, and the capital of political support and understanding of ownership changes. It would be well if the measure of progress in this area were to be a growing political base of the chosen direction of reconstruction and rapid improvement in the real state of the economy.

#### [Box, p 3]

**Janusz Lewandowski.** Born 13 June 1951 in Lublin. Married, has one daughter. Doctor of economic sciences, graduate of Gdansk University.

In 1980-81, associate in SIEC [Network]; after Solidarity was declared illegal, became its expert collaborating directly with Jacek Merkel. Journalist in the underground PRZEGLAD POLITYCZNY (pseudonym Jędrzej Branecki). Author of the book "Neoliberals in the Present Times" (1989). Co-organizer and chairman of the Liberal-Democratic Congress. Jointly with J. Szomburg compiled "Privatization Decalogue"—a concept for speedily transforming the economy. Once a top college sprinter (100 m in 10.8 seconds), now a weekly ballplayer. In October 1990 a visiting professor at Harvard University.

**Jan Szomburg.** Born 4 July 1951 in Leba in a lamp-lighter's family. Married, has three sons. Graduated from Gdansk University, doctor of economic sciences.

In 1980-81, organizer and associate in SIEC [Network]; after delegatization of the union, became economics expert for Solidarity. Connected with PRZEGLAD POLITYCZNY and the Congress of Liberals. Coauthor of the concept of privatization based on the distribution of certificates. Director of the Market Economy Research Institute and economics expert for Liberal-Democratic Congress.

Spends a lot of time in the mountains and is particularly fond of the Tatras.

### Early Retirement Leads to Coal Miner Shortage

91EP0183E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8-9 Dec 90 p 11

[Interview with Ryszard Studzinski, director of the Ziemowit Mine in Tychy, by Malgorzata Szyszlo; place and date not given: "Cadre Problems at Ziemowit: The Unemployed Do Not Want To Be Miners"]

[Text] [Szyszlo] Pension regulations which are favorable to miners and allow all miners to retire after working underground for 25 years regardless of age have upset staffing at many mines. The youngest pensioners are 43 years of age.

At the Ziemowit Mine in Tychy, which employs 10,500 persons, 500 employees decided to retire. By the end of the year, this number may increase by another 150 persons.

[Studzinski] The search for new employees in Silesia and in its neighboring region—for we are bringing in a group of employees from a distance of 40-50 km—has not yielded appreciable results. There are simply no unemployed miners. Thus, we decided to conduct a recruitment campaign in other cities. Our recruiters went to Lomza, Inowroclaw, Ostroleka, Konin, Ciechanow, and Sieradz, all of which are regions where unemployment is high. The expedition ended in a fiasco. There is a shortage of people who are willing to work in mining. The primary reason is the unattractive wages.

[Szyszlo] What are the wages and work conditions offered by the mine?

[Studzinski] At first about 1.5 million zlotys per month after a two-day above-ground training period, a trip underground, and 28 days of work under an instructor's eye. Then, depending upon qualifications and predisposition, work in various positions underground.

[Szyszlo] Does the cadre shortage directly impact the volume of coal mined?

[Studzinski] Not for the present, but we are already experiencing a delay on some jobs, which may lead to a production decline over several months. Obviously, we are not sitting with our hands folded. We are trying to reduce labor intensiveness by making organizational changes and mechanizing some jobs, thereby making up for personnel problems. However, the implementation of all our plans is not always possible.

Mechanizing means purchasing modern equipment from countries using foreign currency. And I emphasize, very expensive equipment, about 10 times as expensive as the same equipment produced in Poland, but of significantly better quality.

I hope that the situation will improve next year when the increase in mining costs will be lower than the increase in the price of coal. Moreover, I am counting on employees from unprofitable mines which are planned to be shut down. This year we will extract approximately 6 million tons of coal. Hiring several hundred employees and having the funds to mechanize would make possible an increase in mining.

### Reform of Agrarian Planning Discussed

91EP0197A Warsaw ZYCIE GOSPODARCZE in Polish No 49, 9 Dec 90 p 6

[Article by Marian Urban: "Another View of the Agrarian Structure"]

[Text] Farmers have been accusing the government of not paying much attention to agriculture and of conducting the wrong agrarian policy. The government is denying this accusation and using various arguments to explain that it is doing all it can, given current economic conditions. Agricultural policy is an area where the government can greatly intensify its efforts. The pillars of agricultural are pricing, structural, and social policies.

Up until now both the government and the farmers have been demonstrating vigorous activity in the area of price setting and social policy, but structural issues are receiving almost no attention at all, and this fact, which is actually the chief defect in the whole agricultural policy, is definitively restricting the development of agriculture.

### Structural Policy

How can agricultural policy help reduce production costs and, beyond this, improve effectiveness? By introducing the right structural policy and, in our situation, by drastically improving the agrarian structure. Of course, given the changing economic conditions, this will be an ongoing process rather than a single ad hoc action, and it is precisely here that almost nothing is being done. There are obviously many reasons for this state of affairs, but I consider the main cause to be a lack of understanding of both the essence of the agrarian structure and the results that structure produces.

It is true that people talk a great deal about this. Everyone is in agreement that Poland has a dreadful agrarian structure and that it is this very structure that is impeding the development of agriculture. The error in thinking concerning agrarian structure lies in equating structure with farm size. Size is just one structural element. Until now, for example, no one talking about agrarian structure has even mentioned such important areas as farm product sales, the agricultural market, or improving the structuring of rural space (gminas and villages).

Changes in spatial structures should eventually end the differences in the infrastructure and in living and working conditions between one region and another.

Efforts undertaken to change the market should also lead to changes in farm production. The farmers themselves should make the changes through various sorts of producer groups and organizations. Then farmers can benefit both directly from these organizations and indirectly from the companies associated with them. We are talking here, for example, about companies handling the sale, processing, or preparation of agricultural products.

What instruments are best suited to carrying out these operations? The agricultural bureaucracy, properly understood. Unfortunately, this area of activity has been tremendously neglected in our country, based as it is on a rescinded land consolidation law which has not suited the requirements of modern rural areas for a long time. It is not very different from the integration law from the period between the wars. Its scope is only a small part of what the laws on the agricultural bureaucracy call for in all the industrialized countries. By way of illustration, let me cite here seven categories of endeavors which modern laws on the agricultural bureaucracy include:

- Improvements in domestic and external transportation: construction of new roads, the relocation and widening of existing roads and streets, elimination of crossings and intersections, and so on.
- Rural renewal: deconcentration of development, expansion and modernization of old farms, and so on.
- Rural expansion: allocating land for future construction. This undertaking involves providing rural areas with a comprehensive infrastructure to create the same sort of working and living conditions as in the city. Allocation of space for industry, trade, and the various plants and installations that will shape the agricultural market is another very important task.
- Improving land utilization: proper land use, forestation, farmland reclamation, and so on.
- Protection of the natural environment and attention to the visual landscape.
- Regulation of the water economy.
- Size structure of farms: consolidation of farms, changing their structure, reducing the number, and increasing farm size.

Improving the agrarian structure, as explained above, tops the list of goals named in modern laws on the agricultural bureaucracy. The agricultural bureaucracy project is therefore at one and the same time a scheme to improve the agrarian structure. This is not the way things are in our country, and the suggestion is to replace the present land consolidation law very soon with a modern law on the agricultural bureaucracy.

#### With the Farmers

Who is to plan and carry out all these necessary undertakings for improving the agrarian structures? Let us say right off that it is in this very area that we find serious defects, backwardness, and weaknesses in our current farm policy.

In all the advanced countries, and in our country too, agricultural administrative work is planned by state

organizational units created for the purpose, that is, voivodship surveying and farmland offices in cooperation with persons elected to represent the rural population (in our country the Council of Parties to Land Consolidation—Rada Uczestników Scalenia). Contrary to appearances, this work is unfortunately not being done the way it is done in the Western countries, for example. Grave defects in farm policy are in fact concealed here.

First, as has already been mentioned, the scope of this work does not meet the requirements of agricultural development at all. Second, the role of the rural population, mainly farmers, is totally inadequate. Our rural areas are playing more of a passive role in this process than an active one. On the other hand, in the Western countries, the rural population plays a major decisive role. In these countries, representatives are chosen in democratic elections prior to any official action by the state administration. After administrative action begins, this body, in the form of a special council, becomes a legal party with very broad jurisdiction. It collects, has at its disposal, and administers funds for agricultural administrative work, and it has an active part and a decisive voice, from the planning stage up to the point the work is completed. The demands of social agronomy are closely followed. In the rural areas nothing is done without the consensus and will of the local population, especially the farmers. All the surveying work, of course, is done, as it is in our country, by special organizational units of the state administration, and the administration pays for it.

Perhaps the most serious defect that makes it impossible at the outset for the work to shape the regional structure in rural areas to succeed is the way such work projects originate and are carried out in our country. I would say that in our country, even if we were to undertake a full program of structural changes and to give attention to improving the agrarian structure, it would still not be possible to achieve the desired results. If the current procedure for project creation and implementation was retained, [it would still not achieve the desired results] because the bad aspect of this procedure is that the state administration's cooperation with the rural population is so minimal, inappropriate, and contrary to the requirements of social agronomy. This is true even now, when the agricultural bureaucracy is so very limited in scope. Understandably, this harmful situation must be drastically changed, if a broad range of such work is to be done, as we are proposing.

#### The Role of Institutions

We must not leave it to the Voivodship Surveying and Farm Land Office to handle these affairs alone, as is the present case. The formation of a structural policy program for a given area should be the main item on the agenda of all the organizational units associated with the area, especially the agricultural departments, regional planning offices, surveying and land management departments, and agricultural progress centers.



The agricultural progress centers have a special role to play, because it is a mistake to think that it is sufficient merely to create the proper conditions and mechanisms to bring about the desired changes and that, as people say, as the result of adaptive processes, the anticipated effects will be achieved. I do not deny that such a view is correct, but it applies to other areas. On the other hand, in terms of carrying out rural structural policy, well-trained specialists must take an active part. It is their task to explain the need for structural changes to farmers in a professional way and to listen to what they have to say.

As the result of these talks, which may go on for a long time, even several years, it will be possible to develop a plan (and later a blueprint) of structural policy that is appropriate for the given area and which the farmers will consider their own. This approach has tremendous psychological significance, because it inspires the essential activity of every member of the rural population, inasmuch as such a program indicates the future conditions under which the population will live. The person sees a picture of his village, his farm, his standard of living attainable in the given period of time and trusts that it can all be achieved, because he was after all a coauthor of the project.

In order for this to come about, the dynamic, intense activity of the above-mentioned administrative units, especially technical progress facilities, is essential. Economic and sociological counselling must be added alongside the counselling presently being given, which is presently confined almost entirely to the technology and details of agricultural production.

The final question is who is going to finance the amelioration of the agrarian structure.

There are no special costs associated with drawing up full structural policy plans and programs for rural areas, because the existing bureaucratic units of the state administration have adequate personnel at hand to manage the task. A basic change in the configuration and scope of their activity is all that is necessary.

As for the costs of carrying out the basic operations that these schemes call for, it is worth mentioning that in the Western countries the national budget pays for most of them. In the FRG, for example, 40 percent of these costs are covered locally, and 60 percent by the budget of the republic. Let me mention in passing that in that country, which is nearly 20 percent smaller in area than Poland and has 31 percent less farmland (excluding the GDR), nearly 2 billion German marks have been spent on this purpose annually for many years. This figure represents about 30 percent of the total financing of agriculture. The agricultural minister has a special committee on amelioration of the agrarian structure. People there and in other advanced countries consider this expenditure to be an essential and very profitable investment from the viewpoint of the national economy as a whole.

We could begin somewhat more modestly in our country. The implementation could be spread over a longer period of time. In Western countries implementation of a single program takes a dozen or more years, but this timeframe is provided for in the scheme. We can also count here on both the local population and various companies to carry out certain elements of the project on their own, at their own expense. The regional self-governing body can also be counted on for support, because of the tremendous sphere of activity in this area opening up before it.

In closing, I would like very briefly to give the conclusions to be drawn from everything I have written:

- It is ineffective and even harmful to deal solely with price setting and social policy without touching structural policy. Correct agricultural policy can be achieved only when all three elements are simultaneously realized in a coordinated fashion. Both theory and the practical experience of all the advanced countries in the world demonstrate this fact.
- With the application of a comprehensive agricultural policy in the sense used, technically and economically efficient farms come into being, and understandably these farms exhibit increased production, labor productivity, and efficiency in using the means of production alongside lower production costs. The agrarian structure is vastly improved. The farmers obtain a program for developing their villages, farms, and agriculture that they can understand and accept.
- The program to implement structural policy provides the state with the basis for an accurate understanding of financial policy as it relates to agriculture.
- Taking all this into account, we can say that the government can obviously do more for agriculture than it has done previously.

#### Forum of Democratic Right on Agriculture

91EP0190A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Dec 90 p 1

[Interview with Michal Wojtczak, deputy chairman of administration, Forum of the Democratic Right, by Edmund Szot; place and date not given: "Much Liberalism With Little Intervention"]

[Text] [Szot] Several different farm policy programs have come into being of late. One of these was presented by the Forum of the Democratic Right. What are the basic assumptions of the forum's program?

[Wojtczak] In the first place, this program is an attempt to combine a neoliberal economy with a minimum of interventionism in the area of agriculture. In the second place, the program establishes that all changes in agriculture will be achieved primarily by economic methods. Thirdly, the program stipulates that the protection of farmers in the area of social assistance, pensions, and annuities should be subject to state intervention. The third assumption constitutes a departure from the economic principles, which are associated with liberals.

[Szot] In your opinion, what are the primary differences between the program of the Forum of the Democratic Right and other programs proposed by the various popular parties and the government?

[Wojtczak] I cannot speak about the government program, but the programs of the popular parties stipulate that it is necessary to introduce nonmarket elements such as minimum guaranteed prices into the market economy system. Another difference concerns the sphere of the attendant elements of farming, a sphere which requires state intervention in these programs. We, on the other hand, believe that state intervention should come into play only to protect the weakest. On the issue of market regulation, in our opinion the activity of the Agricultural Marketing Agency should be sufficient. Other elements of intervention such as tax reductions contingent upon production volume, for example, are dispensable. Possible reductions should be used only if a farmer invests in production development. In some regions of Poland, this type of reduction is a dire necessity.

[Szot] But your party's program stipulates some forms of farm subsidy....

[Wojtczak] Yes, but subsidies in only one sphere—farm procurement. These subsidies should be granted only for the means of production, and only when they are purchased by the farmer. In other words, only fertilizers, plant protection agents, and some types of equipment should be subsidized. However, we are opposed to the use of compensations, i.e., the subsidizing of export by a tax on the importation of agricultural-food products. Nor do we see the need to use reductions in the sale of food products.

[Szot] What should the scale of subsidies on the means of production be?

[Wojtczak] That depends upon the nature of the production. Such a subsidy already exists today, but for the producer of the means of production. Roughly speaking, the subsidy should represent 30-35 percent of the price of the means of production. The funds for this purpose could be accumulated by cutting back on the supplements paid into social insurance, where the state's share is nearly 80 percent at present. Social insurances should become commercial insurances, and the state should subsidize only the weakest social groups. Naturally, I have in mind only current insurances, and not insurances from the "old portfolio," since these people would not be in a position to cover such vast sums.

[Szot] Will the subsidization of the means of production engender the fear that such subsidies will be abused?

[Wojtczak] It may, but throughout the world direct agricultural production is not profitable either. On the other hand, processing is profitable. Processing could likewise double its profits in Poland both by investing additionally in agriculture and by subsidizing the means of production. But it must be decided which directions

of production should be subsidized and which it is senseless to subsidize from the viewpoint of economic strategy.

[Szot] For example?

[Wojtczak] Well, the market will indicate these directions. But it is already clear that in Poland it is worthwhile to invest, for example, in the production and processing of rape, for Polish rape is competitive on world markets. Wool production, on the other hand, is chancy. Given its quality, Polish wool is suited only for certain products and thus it is difficult to sell. These are extreme examples; the market will verify the other directions.

[Szot] In your opinion, which activities should be given priority status?

[Wojtczak] In the first place, the introduction of economic incentives for investing in agricultural-food product processing. This would be the most effective and most profitable venture. Tax preferences, credit guarantees, and credit are needed. In the second place—and here our program clearly differs from the government policy—an income tax should be introduced as quickly as possible to replace the land tax. This would create an incentive to increase farm size, to increase productivity, and to invest. Moreover, it would facilitate the use of various kinds of reductions, particularly in the event that a farm is modernized.

Likewise, reductions on the purchase price of the means of agricultural production could be introduced quickly. This, however, requires streamlining the work of treasury chambers and cooperative banks. The next urgent matter is the organization of self-governing farm bureaus. These would band together farmers (even obligatorily) and their activity could even be financed out of the State Budget. These bureaus would actually represent farmers (for example, in talks with the government). They would deal with all agriculture-related matters. They would be an organization of the economic self-government and would not be like trade unions, which deal only with revindictory questions.

[Szot] In your agricultural policy program, the need for the regionalization of this program is stressed. Meanwhile, I know from other sources that you are adherents of a farreaching autonomy for the various regions of the country. Is this not contradictory?

[Wojtczak] No, it is not contradictory. In the United States, where the autonomy of individual states is considerable, the development of the weaker states is aided out of the national budget. According to our concept, local authorities would have powers to generate special taxation, legal and administrative solutions. This does not mean relieving the national government of its duty to see that all regions of the country are maintained in the proper economic condition.

[Szo] How large is your political group, and of which circles of society is it composed?

[Wojtczak] At present it numbers several thousand persons, primarily activists from the economic community, the intelligentsia, and the agricultural community, although our party's program of action includes the elimination of such fanciful divisions. In the most general terms, these are the representatives of a new middle class.

### Group To Be Founded To Enforce Tax Payment

91EP0203A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 17 Dec 90 p 1

[Article by Malgorzata Szyszlo: "Nobody Likes To Pay, but..."]

[Text] Who likes to pay taxes? There is only one answer—nobody. Thus various ways are found by state and private enterprises to reduce the sums being paid into the state coffers. Such behavior is, as a rule, blamed on the extremely high payments. It is true that often taxes are too high, that they impede the development of firms and limit individual entrepreneurship. And that we should strive to liberalize them. Such changes are being promised. But I suspect that many firms will try to nip something off even those reduced taxes.

That is how it is throughout the world. That is why in the developed Western countries a well-paid tax-control apparatus has been developed.

"Unfortunately, in our country the 'tax collector' is primarily a person overloaded with work, earning an average salary, exposed to stress and temptation. But I say that the definite majority of the employees in the state's financial-control offices are honest people," says Teresa Kakiel, director of the Treasury Control Department in the Ministry of Finance. "The performance of their duties is being made difficult by the shortcomings of the provisions of the broadly interpreted economic law."

Clever Poles are taking advantage of loopholes in the regulations. For example, one of the large enterprises avoided paying the tax on excess remuneration by devising stabilization loans out of the housing fund. Most of the profit was transferred to this fund. Until an inspection uncovered it, deposits for housing, repair, etc., were paid out in two instalments to the employees. In the first instalment, 1,234 persons, among the 1,237 employed, received loans. The average [amount] paid was 2.4 million zlotys. In the second instalment, 1,206 persons received 1.7 million zlotys each. The rules under which they were granted were so formulated that the

loans could then be cancelled. Also, in private firms sales were understated and persons who were registered as being jobless, drawing unemployment benefits, and taking advantage of social security, were employed "off the books." There will undoubtedly be many more such negative findings.

In the light of the rules of market economy, a change in some regulations pertaining to how taxes are calculated and assessed, and also in the principles of organization and the scope of the operations of the tax control services, is also becoming extremely important. Proposals for these changes have been developed in the Ministry of Finance. An intelligible, fair-to-all tax system, for example, would free the owners of private establishments from the nightmare of surtaxes, the amount of which was often pulled out of the air.

It is proposed that the organs of treasury administration be [composed of] the treasury offices, [treasury] chambers, and the treasury control offices. The treasury offices would have the task of fixing the amount of the tax due and collecting it, determining the untaxed sums due the treasury, and examining the correctness and honesty of the tax documents. The treasury chambers would supervise the [treasury] offices as a second-echelon organ in tax and penalty matters. On the other hand, it is proposed that the treasury control offices be assigned control functions, popularly known as the tax police.

"The special control apparatus will be used mainly to see to it that the taxpayers fulfill their lawful duty of paying taxes to the state. The creation of a 'tax police' has not only relieved the treasury offices and chambers of this task," says director T. Kakiel, "it has raised the level of the examinations and made the postcontrol reports, prepared on the basis of these examinations, more accurate. These reports are an important source of information for the minister of finance in shaping financial policy wisely, especially tax and budget policy."

The creation of a tax-intelligence department is also being planned. It will function as one of the organs of treasury control. This is an institution known in most countries which have a well-developed market economy. Intelligence should fill a gap in the flow of information on various illegal forms of economic activity.

One of the units in the treasury control apparatus, just as in Western countries, would be one exercising special supervision over such income activities as gambling, particularly casinos, and the production of alcohol. Then, insofar as possible, over petroleum-derived products, tobacco products, and others, which may be covered by a consumption tax.

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